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ABSTRACT

The first part of this document provides materials from a project to develop a training workshop for vocational educators who plan to incorporate the teaching of entrepreneurship into their regular curriculum. Extensive appendixes to this part contain materials from the project and workshop. The second part is a curriculum for teachers who wish to incorporate entrepreneurship training. The curriculum contains nine chapters with the following headings: Are You an Entrepreneur?; Generating an Idea for a Business Venture; Planning Your Business; Financing: How to Get It; Generating Sales; Business Arithmetic; Bookkeeping and Recordkeeping Operations; What Are Your Legal Responsibilities? and Asking for Help from Professional Advisors. Components of each chapter include a list of objectives, introduction, learning experiences with informative material, activities, and self-checks. (YLB)

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FINAL REPORT

A MODEL ENTREPRENEURSHIP TRAINING PROGRAM FOR VOCATIONAL EDUCATORS

(Contract Number 86-7033)

Author: Michael A. Spewock

INDIANA UNIVERSITY OF PENNSYLVANIA

Indiana, Pennsylvania

September 15, 1987

PENNSYLVANIA DEPARTMENT OF EDUCATION

BUREAU OF VOCATIONAL AND ADULT EDUCATION

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Abstract

86-7033: A Model Entrepreneurship Training Program for Vocational Educators

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$	Federal
$49,501	Non-Federal
	7/1/86-6/30/87

The purpose of this project was to develop a training workshop for vocational educators who plan to incorporate the teaching of managing a small business (entrepreneurship) into their regular vocational curricula

Terminal Objective

1. To provide teachers with the knowledge, skills and attitudes they need to build a distinct, integral unit of study in entrepreneurship for secondary students.

Enabling Objectives

1. Establish a strategic planning board.
2. Conduct a review of literature.
3. Identify competencies.
4. Develop an entrepreneurship training program.
5. Identify an entrepreneurship training team.
6. Develop a product.
7. Implement an entrepreneurship training program.
8. Evaluate the program.

Outcomes

1. A strategic planning board was established to guide the project staff and project activities.
2. A review of literature was conducted and a DACUM team of business men and women was convened to identify competencies which young people need to achieve before owning and operating a small business.
3. A 200-page curriculum was written for teachers who wish to incorporate entrepreneurship training in their classroom instruction.
4. An entrepreneurship training team was used to teach 30 vocational educators during a 5-day workshop.
5. Vocational educators who participated in the workshop experienced the development of a product for a potential business venture.

Audience

The resulting entrepreneurship curriculum and teaching strategies are useful to the Bureau of Vocational Education, vocational educators in Pennsylvania, and other curriculu1m developers.

Published Materials

- o An entrepreneurship curriculu1m for vocational educators
- o Final Report

IIb. Background

In Pennsylvania, recent losses of traditional heavy industries which once were the mainstay of the economy in the commonwealth prompted Governor Richard Thornburg to state the importance of entrepreneurship as "...one of the keys to Pennsylvania's future." This is so because one of the most important elements of entrepreneurship is the ability to anticipate what tomorrow's needs will be, and to produce the goods and services to meet those needs. The governor also stated that, "dedicated educators...must apply enlightened problem-solving to provide new educational opportunities for those students who may one day become entrepreneurs."

Vocational education reflects and anticipates the social, political, economic and cultural forces within society, including the changing requirements of business, industry and consumers, yet it has traditionally been geared to preparing students for employment. However, another career path is available. Students can learn how to set up and manage their own businesses. They can become entrepreneurs and learn the kinds of skills that make a business thrive. Since vocational education is naturally suited to exposing young people to the skills required in owning and operating a small business, teachers should begin to teach entrepreneurship as a distinct but integral part of their programs. In this separate portion of their programs, they could teach students how to become employers as well as employees thereby preparing them for Pennsylvania's future economy--one that will depend increasingly less on large business and industry for employment of its citizens.

If one expects Vocational teachers to teach entrepreneurship, one must provide them with training in the basics of small business management. While many teachers operate businesses of their own throughout the school year, and may already be familiar with business ownership and operation, they should be prepared to present their business knowledge to students. A teacher training program coupled with an entrepreneurship curriculum would fill this need.

III. Methods and analysis

The project began with the selection of a strategic planning board comprised of business men and women from the Clarion County Area (Appendix A). Clarion was chosen as the project site since the project was being implemented as a result of a need expressed by the Clarion County Area Vocational Technical School's administrative staff. Administrators received parental requests to provide their children (attending the vocational school) with training in the ownership and operation of small businesses. Clarion County is primarily a rural area, and it is common for graduates of vocational school programs to become employed in their parents' small business operations after graduation from high school

The Board met on several occasions to serve as consultants in the project's management, and as occupational experts for a DACUM curriculum development procedure (Appendix B). Part of the Board's job was to identify those competencies needed by young vocational school graduates who wished to start small businesses of their own, or enter their parents' businesses. The competencies identified by the members of the strategic planning board are listed in appendix C.

The DACUM process stipulates that a validation instrument be used to verify the information provided by any DACUM team. Therefore, a validation instrument was designed in the form of a survey (Appendix D). The survey was mailed to 150 owners of small businesses in Clarion County. These businessmen and women were asked (a) if they agreed with the selection of each competency (b) how important each competency was in the operation of a business and (c) if any additional competencies should be added to the list on the survey instrument. Of the 150 surveys mailed, 42 were returned. The results of the survey are shown in appendix E.

Information produced by the DACUM curriculum development procedure and the follow-up survey was used as a guide for a review of literature on the topics of entrepreneurship and small business management. Specific books, journals and government documents were then selected from the literature review to serve as the foundation for the project director's writing of a curriculum entitled, "Entrepreneurship -- A New Direction for Education."

While the entrepreneurship curriculum was being written, a vocational teacher training workshop was also being planned. Project staff reasoned that a 5-day June workshop would best suit the schedules of most vocational instructors in northwestern Pennsylvania. Therefore, June 22-26, 1987 was selected as the workshop week. The site chosen for seminar activities was the Days Inn motel in Brookville, Pennsylvania because of its ease of access to teachers who would be traveling from as far north as Erie and as far south as Washington, Pennsylvania.

An advertising poster and letters of invitation were sent to more than 1000 vocational educators in the western and central half of the commonwealth (Appendix F). Of those contacted, 60 registered for the workshop. As the workshop date drew near, however, 20 teachers cancelled their reservations. The workshop was planned, therefore, for 30 teachers with the remaining 10 on stand-by in case of further cancellations. Two cancellations were made from this group. The workshop was held for 30 vocational teachers. A participant list is shown in Appendix G.

The teacher training workshop began on Monday and continued to Friday at noon of the week of June 22-26. An agenda of activities was prepared that would follow the DACUM competency list and the curriculum for entrepreneurship. An agenda of workshop activities is included in Appendix H. A list of speakers and workshop presenters with Vitae are shown in Appendix I. Speaker invitations and correspondence can be found in Appendix J and K, respectively.

Project staff felt that teachers would benefit from trips to sites of small businesses currently in operation in the Clarion county area. Cook's Forest was chosen for the location of the field trip. Transportation was provided for workshop participants (IUP university vans) as they visited the following businesses:

Christie Trucking Company
Penn Style Campers

The Country Store
The Sawmill Restaurant
Sheep Penn Basketry
Sawmill Craft Center and Theater
Gateway Inn Restaurant and Lodge

A third component of the workshop activities was called, "Innovation Competition." Teachers were grouped in threes and challenged to the task of developing an idea for a business venture (Appendix L). Teachers were also required to read Peter Drucker's book entitled, "Innovation and Entrepreneurship" for background knowledge for the "competition." The workshop director provided a study guide for teachers to facilitate their reading (Appendix M).

At the end of the week, teachers were asked to evaluate the activities in which they participated. An evaluation form was designed to provide teachers with an opportunity to rate each speaker in addition to rating the total seminar experience (Appendix N). Evaluations were extremely favorable.

Teachers were given awards for participating in the week's events (Appendix O). Groups of teachers who took part in the innovation competition were judged by their peers. The top 3 teams were given placques as a reward for their work on the competition.

IV Conclusions and Recommendations

Outcomes of the entrepreneurship project were positive. The workshop, curriculum and field trip were well received by vocational instructors in attendance. Many of the participants felt that similar workshops should be continued during the summer months so teachers could add to their skills. Some workshop participants felt that a newsletter should be developed and mailed to teachers to keep them informed of local, state and national events related to small business management and development.

The curriculum entitled, "Entrepreneurship -- A New Direction for Education" should be provided for vocational schools in IUP's service territory. An attempt will be made to disseminate the curriculum by way of the strategic planning committee which serves as liaison between IUP's Center for Vocational Personnel Preparation and vocational schools in western and Central Pennsylvania.

V. Dissemination

Information about the entrepreneurship training program, and the curriculum on entrepreneurship was presented to vocational educators and administrators during two separate presentations at the 1987 Pennsylvania Vocational Education Conference at Host Farms in Lancaster, Pennsylvania.

The curriculum was also presented at an August, 1987 Marketing and Distributive Education workshop by Mr. Ellerslie Blyler and Ms. Eleanor Bicanich

The curriculum and its "Innovation Competition" strategy will be presented by Dr. Michael A. Spewock at a Nov 6, 1987 Marketing and Distributive Education conference directed by Dr. Elaine Schorr from Temple University, Philadelphia, PA.

The curriculum is also available upon request by contacting Dr. Michael A. Spewock, Chairperson, Center for Vocational Personnel Preparation, REschini House, Indiana, Pennsylvania, (Telephone: 412-357-4434).

VI Supplementary Materials

Please refer to Appendices.

Appendix A

ENTREPRENEURSHIP STRATEGIC PLANNING COMMITTEE

Tom Aaron
Aaron's Sunoco
RD #2
Rimersburg, PA 16248
814-473-3534

Linda Burney
Gateway Lodge
Route 36, Box 125
Cooksburg, PA 16217
814-744-8017

Bill Brosius
Clarion Equipment
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Clarion, PA 16214
814-226-8710

Verna Leith
Box 20, Star Route
Leeper, PA 16233
814-744-8123

Gene Lenk
Schwen Camper Sales, Inc.
RD #2
Shippenville, PA 16254
814-226-6961

Melanie Parker
M/J Parker Creative Photography
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Clarion, PA 16214
814-226-7908

Gene & Carolyn Rodgers
Rodgers Comet Market
Box M
Parker, PA 16049
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Paul & Marjorie Smith
Smitty's Golden Dawn
22 North 6th Street
Clarion, PA 16214
814-226-4241

Merle Wetzel
First Federal Savings & Loan Association
6th & Main Streets
Clarion, PA 16214
814-226-7873

Appendix B

DACUM: Identifying Competencies

By Audni Miller-Beach

FOR developers of competency-based instructional programs, DACUM (Developing A Curriculum) is a relatively quick and inexpensive method for determining which competencies should be included in a curriculum. Created and first used by the Experimental Projects Branch, Canada Department of Regional Economic Expansion, and the General Learning Corporation of New York, DACUM is based on three assumptions: (1) expert workers can define and describe their job more accurately than anyone else; (2) any job can be effectively described in terms of the *tasks* that successful workers in that occupation perform; and (3) all tasks, in order to be performed correctly, demand certain knowledge and attitudes from workers.

The process requires a panel of expert workers and supervisors in the occupation being analyzed, a qualified coordinator, and a recorder. During a period of three days, the panel develops a profile chart of the skills required in the occupation. A DACUM chart serves both as a curriculum plan and as an instrument for assessing training needs and student achievement.

The panel. A DACUM panel is usually comprised of 10 to 12 expert workers and two to three supervisors, selected from companies in the local community to represent each of the specialty areas in an occupation. A major reason for the low cost of the DACUM process is that panel members contribute their time. Ordinarily, local companies are quite willing to allow employees to participate. Company personnel regard DACUM as an excellent opportunity to provide essential information for the development of an occupational program. They feel the program's credibility is strengthened by their own outstanding employees identifying the skills which students should master for employment. From the school's perspective, a primary benefit of DACUM is the development of a stronger, more positive relationship with business and industrial establishments in the local community.

The quality of a DACUM chart is determined by several factors, such as the panel members' technical knowledge and skill, their ability to express themselves, and the coordinator's ability to elicit specific, accurate skill statements, deal with conflict and debate, and maintain the group's momentum.

The coordinator must be able to make on-the-spot decisions related to the content and structure of the chart. He or she must know what questions to ask, and when, so that the chart will be comprehensive and precise. At the same time, the coordinator must be careful not to bias the panelists' contributions. For this reason, the coordinator should not have had experience in the occupations under analysis. Rather, he or she should be familiar with the curriculum development process as it applies across occupations. Finally, the coordinator must be patient, even when the process becomes tedious. Panel members must be allowed to decide for themselves whether certain skills are required.

The DACUM recorder must quickly and legibly print each skill statement exactly as it is phrased by the panel. Like the coordinator, the recorder must refrain from comments which could influence panel members' determinations.

How DACUM works. The DACUM process is outlined below:

1. First, panel members identify the general areas of competence required. For example, on one chart for motor vehicle repair, the general areas included "service and repair cooling and exhaust systems," and "service and repair fuel systems." These categories are recorded on large cards and posted vertically on a blank wall in full view of the panel.

2. Next, focusing on only one area at a time, skills required in each of the categories are specified. Each skill statement is recorded on a card and posted beside the appropriate category. Eventually, the category statement, together with the skill statements, form a "competency band" on the chart. It is imperative that each statement be in precise action terms, such as "detect and diagnose engine faults," which appears in the category "service and repair engines" on the chart for motor vehicle repair.

3. After the skills required in each category have been identified, panelists make sure that each skill statement is explicit and accurate.

4. Then, skill statements are structured into a learning sequence. Panelists decide which skills they would have an entry-level worker learn and apply first on the job. The statements are then arranged in the order determined by the panel.

5. Finally, the coordinator solicits the panelists' consensus regarding the accuracy of the chart. They should agree that it correctly reflects the skills required in that occupation.

When a DACUM workshop is over, panel members have produced a graphic profile of the skills required in their work, and inevitably they express satisfaction with the process. For further information on DACUM, readers may write or call me at the National Academy for Vocational Education, the National Center for Research in Vocational Education, 1960 Kenny Rd., Columbus, OH 43210, (800) 848-4815.

References

Adams, R.E. *DACUM Approach to Curriculum, Learning, and Evaluation in Occupational Training. A Nova Scotia Newstart Report.* Ottawa, Canada: Department of Regional Economic Expansion, 1975. □

THE DACUM PHILOSOPHY ...

EXPERT WORKERS ARE BETTER ABLE TO DESCRIBE OR DEFINE THEIR OCCUPATION THAN ANYONE ELSE.

ANY JOB CAN BE EFFECTIVELY AND SUFFICIENTLY DESCRIBED IN TERMS OF THE TASKS (SKILLS) SUCCESSFUL WORKERS IN THAT OCCUPATION PERFORM.

ALL TASKS OR SKILLS HAVE DIRECT IMPLICATIONS FOR THE KNOWLEDGE, PERFORMANCE AND ATTITUDES THAT WORKERS MUST HAVE IN ORDER TO PERFORM THE TASKS CORRECTLY.

OBJECTIVE

TO DEVELOP A COURSE OF STUDY (CURRICULUM) WHICH CAN BE USED BY SECONDARY EDUCATORS TO TEACH THE FUNDAMENTALS OF ENTREPRENEURSHIP TO HIGH SCHOOL STUDENTS AND ADULTS.

PROCEDURES FOR ACCOMPLISHING THE OBJECTIVE

1. CONVENE A PLANNING COMMITTEE MADE UP OF ENTREPRENEURS.
2. USE THE DACUM PROCESS TO DEVELOP A LIST OF SKILLS WHICH SUCCESSFUL ENTREPRENEURS MUST HAVE.
3. MAKE A LIST OF THE ATTITUDES, KNOWLEDGE, AND PERFORMANCES ONE MUST HAVE TO ATTAIN THE SKILLS OF AN ENTREPRENEUR.
4. VALIDATE THE WORK ACCOMPLISHED BY THE DACUM TEAM.
5. WRITE THE COURSE OF STUDY (CURRICULUM) FOR ENTREPRENEURSHIP.

GROUND RULES FOR DACUM PARTICIPANTS

ALL PARTICIPANTS ARE ENCOURAGED TO PARTICIPATE AND CONTRIBUTE THEIR IDEAS.

ALL INPUT IS ACCEPTED FOR CONSIDERATION.

PARTICIPANTS ARE REQUIRED TO DISCUSS AND REACH EVENTUAL CONSENSUS ON ALL INPUT.

PARTICIPANTS ARE THE OCCUPATIONAL EXPERTS AS INDIVIDUALS AND COLLECTIVELY.

THE FACILITATOR'S FUNCTION IS TO HELP COLLECT OCCUPATIONAL INFORMATION FROM PARTICIPANTS, NOT TO PROVIDE IT.

OBSERVERS ARE NOT ALLOWED TO PARTICIPATE IN THE DISCUSSION.

ALL INPUT IS SUBJECT TO CONTINUOUS REVISION THROUGHOUT THE ENTIRE DACUM SESSION BY PARTICIPANTS.

OCCUPATIONAL DEFINITION

EXAMPLE:

OCCUPATION: PRE-SCHOOL AIDE

A PRE-SCHOOL AIDE...MUST BE SENSITIVE TOWARD CHILDREN, HAVE CREATIVE ABILITIES AND POSSESS GOOD COMMUNICATION SKILLS. AT THE DIRECTION OF THE TEACHER, PERFORMS SUCH DUTIES AS LANGUAGE ARTS AND SELF-HELP SKILLS; CONDUCTS, MONITORS, AND SUPERVISES GAMES, SNACKS, NAPS, PLAYGROUND OR TOILET ACTIVITIES, HELPS WITH PROGRAM PLANNING, OFFERS SUGGESTIONS, AND IMPLEMENTS DAILY ACTIVITIES; MAY BE REQUIRED TO PERFORM GENERAL HOUSEKEEPING, CLERICAL, OR TRANSPORTATION DUTIES.

TWO PRODUCTS OF THE DACUM PROCESS ARE...

1. An Occupational Definition

   An entrepreneur is ... ????

2. A DACUM chart made up of duty statements and task statements.

   For example: Automobile mechanics

   DUTY STATEMENT ...... Perform electrical repairs on cars and trucks.

   TASK STATEMENT ...... A. read a voltmeter.
   ...... B. read a schematic.
   ...... C. replace breaker points.
   ...... D. gap spark plugs.

ENTREPRENEURSHIP COMPETENCY LIST

as developed by DACUM team at
Riverview IU #6, Shippenville, PA

November 12, 1986

A. Are You an Entrepreneur?

B. Generating an Idea for a Business Venture
  - B-1 Investigate the idea
  - B-2 Conduct a feasibility study
  - B-3 Prepare an initial business plan

C. Asking for Help from Professional Advisors
  - C-1 Work with Small Business Administration, attorney, accountant, etc.

D. Planning Your Business
  - D-1 Set goals
  - D-2 Re-evaluate goals continually
  - D-3 Prepare a long-range plan
  - D-4 Prepare short-range plans
  - D-5 Prepare a budget
  - D-6 Plan to work long hours

E. Secure Financing
  - E-1 Find collateral
  - E-2 Determine net worth
  - E-3 Raise funds
  - E-4 Investigate private and public sources

F. What Are Your Legal Responsibilities?
  - F-1 Secure insurance
  - F-2 Secure licenses and permits
  - F-3 Secure Workmen's Compensation
  - F-4 Secure information on zoning ordinances
  - F-5 Pay taxes on time
  - F-6 Terminate employees legally
  - F-7 Obtain information on product and service liability

G. Dealing with Employees
  - G-1 Develop hiring procedures
  - G-2 Develop firing procedures
  - G-3 Train employees
  - G-4 Observe and evaluate employees
  - G-5 Develop a plan to handle emergencies
  - G-6 Define responsibilities of employer and employee
  - G-7 Deal with labor unions
  - G-8 Establish a chain of command
  - G-9 Establish a salary scale and fringe benefit package

H. Bookkeeping and Recordkeeping Operations
    H-1 Record and report taxes
    H-2 Prepare a payroll
    H-3 Prepare financial statements
    H-4 Develop a working knowledge of financial terms
    H-5 Establish bill collecting procedures

I. Generating Sales
    I-1 Market ideas creatively
    I-2 Select advertising media to target your customers
    I-3 Display products
    I-4 Secure suppliers
    I-5 Develop promotional ideas
    I-6 Use the telephone as an effective sales tool

J. Deal with the Public
    J-1 Project enthusiasm and an agreeable image
    J-2 Develop a positive self-concept
    J-3 Identify customer needs and wants
    J-4 Make each customer feel important
    J-5 Develop good communication skills
    J-6 Handle customer complaints tactfully and open-mindedly
    J-7 Develop a philosophy for contributing to charities

K. Perform Recordkeeping Operations
    K-1 Maintain personnel files
    K-2 Maintain record pertinent to the business enterprise

L. Money Management Decisions
    L-1 Make short-term investment decisions
    L-2 Analyze risks
    L-3 Control inventory
    L-4 Manage cash flow
    L-5 Secure suppliers
    L-6 Contributions to charity

M. Manage Your Time Effectively
    M-1 Explore computerization as a time saver
    M-2 Learn to delegate

Appendix C

Entrepreneurship Competency List

as developed by DACUM team at
IU #6. Shippenville. PA
November 12. 1986

A. Come up with an Idea
  - A-1 Investigate the idea
  - A-2 Conduct a feasibility study
  - A-3 Prepare an initial business plan

B. Secure Professional Advisors
  - B-1 Work with Small Business Administration. attorney. accountant. etc.

C. Planning
  - C-1 Set Goals
  - C-2 Reevaluate goals continually
  - C-3 Prepare a long-range plan
  - C-4 Prepare short-range plans
  - C-5 Prepare a budget
  - C-6 Plan to work long hours

D. Secure Financing
  - D-1 Find collateral
  - D-2 Determine net worth
  - D-3 Raise funds
  - D-4 Investigate private and public sources

E. Legal Responsibilities
  - E-1 Secure insurance
  - E-2 Secure licenses and permits
  - E-3 Secure Workmen's Compensation
  - E-4 Secure information on zoning ordinances
  - E-5 Pay taxes on time
  - E-6 Terminate employees legally
  - E-7 Obtain information on product and service liability

F. Deal with Employee Relations
  - F-1 Develop hiring procedures
  - F-2 Develop firing procedures
  - F-3 Train employees
  - F-4 Observe and evaluate employees
  - F-5 Develop a plan to handle emergencies
  - F-6 Define responsibilities of employer and employee
  - F-7 Deal with labor unions
  - F-8 Establish a chain of command
  - F-9 Establish a salary scale and fringe benefit package

G. Perform Bookkeeping Operations
  - G-1 Record and report taxes
  - G-2 Prepare a payroll
  - G-3 Prepare financial statements
  - G-4 Develop a working knowledge of financial terms
  - G-5 Establish bill collecting procedures

H. Generate Sales
  - H-1 Market ideas creatively
  - H-2 Select advertising media to target your customers
  - H-3 Display products
  - H-4 Secure suppliers
  - H-5 Develop promotional ideas
  - H-6 Use the telephone as an effective sales tool

I. Deal with the Public
  - I-1 Project enthusiasm and an agreeable image
  - I-2 Develop a positive self-concept
  - I-3 Identify customer needs and wants
  - I-4 Make each customer feel important
  - I-5 Develop good communication skills
  - I-6 Handle customer complaints tactfully and open-mindedly
  - I-7 Develop a philosophy for contributing to charities

J. Perform Recordkeeping Operations
  - J-1 Maintain personnel files
  - J-2 Maintain records pertinent to the business enterprise

K. Make Money Management Decisions
  - K-1 Make short-term investment decisions
  - K-2 Analyze risks
  - K-3 Control inventory
  - K-4 Manage cash flow

L. Perform Time Management Functions
    - L-1 Explore computerization as a time saver
    - L-2 Learn to delegate

Appendix D

TO: Selected Clarion Area Entrepreneurs

FROM: Roger McChesney, Entrepreneurship Project Coordinator, IUP

RE: Entrepreneurship Curriculum Survey

The Clarion County Area Vocational Technical School has asked Indiana University of Pennsylvania to work with them in developing a new curriculum in Entrepreneurship. In order to provide students with the most realistic and up-to-date program possible, we are seeking the advice of successful entrepreneurs to assist us in developing a practical curriculum. You have been recommended by our Entrepreneurship Advisory Committee as a successful small business owner. We hope you will find time to give us the type of information that only a person in your position can provide.

The enclosed "Entrepreneurship Skill Analysis" was developed by a panel of entrepreneurs who make up the Clarion County Entrepreneurship advisory committee. We would like your reaction to each of the skill statements on the form. The results of this survey will be used to determine the content of the curriculum we are developing.

Please return the Entrepreneurship Skill Survey within the next five working days. Your professional assistance in this important endeavor is very much appreciated.

ENTREPRENEURSHIP SKILL SURVEY

The purpose of this survey is to identify the most important tasks entrepreneurs in the Clarion area perform. This information will be used to develop the curriculum for the new Entrepreneurship program at Clarion County AVTS. Please read the directions carefully and answer every question.

Instructions:

The questionnaire contains a list of skills divided into twelve major groups (A through L) which relate to the occupation of entrepreneur. We need your response to three questions about each skill:

1. How important is the performance of the skill to your success as an entrepreneur?

2. How frequently do you perform the skill?

3. What degree of knowledge is required to perform the skill successfully?

Answer these questions by completing the following steps:

1. For each skill rate the importance of that skill to the job of the entrepreneur by circling one response under column 1.

2. For each skill indicate how often the skill is performed by circling one response under column 2.

3. For each skill indicate the degree of knowledge required to perform the skill successfully by circling one response under column 3.

Each response column allows you to indicate the strength of your feeling, ranging from 5 (very strong) to 0 (very weak).

Be sure to circle one response under each column for each skill.

At the end of each skill category there is space for you to add additional skills you feel should be included in that category, or to make any comments relating to that category.

ENTREPRENEURSHIP SKILL SURVEY

	Importance of Skill	Frequency of Skill	Knowledge Requirements
CATEGORY A			
Come Up With An Idea	Great Importance — No Importance	Frequently Performed — Never Performed	Great Knowledge — Little Knowledge
A-1 Investigate the idea	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
A-2 Conduct a feasibility study	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
A-3 Prepare an initial business plan	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

____

Comments ____

____

CATEGORY B			
Secure Professional Advisors			
B-1 Work with Small Business Administration, attorney, accountant, etc.	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

____

Comments ____

	Importance of Skill	Frequency of Skill	Knowledge Requirements
CATEGORY C **Planning**	Great Importance No Importance	Frequently Performed Never Performed	Great Knowledge Little Knowledge
C-1 Set Goals	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
C-2 Reevaluate goals continually	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
C-3 Prepare a long-range plan	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
C-4 Prepare short-range plans	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
C-5 Prepare a budget	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
C-6 Plan to work long hours	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

____

Comments ____

____

CATEGORY D **Secure Financing**			
D-1 Find collateral	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
D-2 Determine net worth	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
D-3 Raise funds	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
D-4 Investigate private and public	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ______________________________

____

Comments ______________________________

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CATEGORY E Legal Responsibilities	Importance of Skill						Frequency of Skill						Knowledge Requirements					
	Great Importance				No Importance		Frequently Performed				Never Performed		Great Knowledge				Little Knowledge	
E-1 Secure insurance	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-2 Secure licenses and permits	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-3 Secure Workmen's Compensation	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-4 Secure information on zoning ordinances	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-5 Pay taxes on time	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-6 Terminate employees legally	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0
E-7 Obtain information on product and service liability	5	4	3	2	1	0	5	4	3	2	1	0	5	4	3	2	1	0

Other Skills ______________________________

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Comments ______________________________

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CATEGORY F	Importance of Skill	Frequency of Skill	Knowledge Requirements
	Great Importance — No Importance	Frequently Performed — Never Performed	Great Knowledge — Little Knowledge
Deal With Employee Relations			
F-1 Develop hiring procedures	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-2 Develop firing procedures	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-3 Train employees	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-4 Observe and evaluate employees	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-5 Develop a plan to handle emergencies	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-6 Define responsibilities of employer and employee	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-7 Deal with labor unions	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
F-8 Establish a chain of command	5 4 3 2 1 0	5 4 3 2 [illegible] 0	5 4 3 2 1 0
F-9 Establish a salary scale and fringe benefit package	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

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Comments ____

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	Importance of Skill	Frequency of Skill	Knowledge Requirements
CATEGORY G	Great Importance — No Importance	Frequently Performed — Never Performed	Great Knowledge — Little Knowledge
Perform Bookkeeping Operations			
G-1 Record and report taxes	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
G-2 Prepare a payroll	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
G-3 Prepare financial statements	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
G-4 Develop a working knowledge of financial terms	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
G-5 Establish bill collecting procedures	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ______________________________

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Comments ______________________________

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CATEGORY H

Generate Sales

H-1 Market ideas creatively	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
H-2 Select advertising media to target your customers	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
H-3 Display products	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
H-4 Secure suppliers	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

	Importance of Skill	Frequency of Skill	Knowledge Requirements
	Great Importance / No Importance	Frequently Performed / Never Performed	Great Knowledge / Little Knowledge
H-5 Develop promotional ideas	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
H-6 Use the telephone as an effective sales tool	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ______________________________

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Comments ______________________________

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CATEGORY I

Deal With The Public

I-1 Project enthusiasm and an agreeable image	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
I-2 Develop a positive self-concept	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
I-3 Identify customer needs and wants	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
I-4 Make each customer feel important	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
I-5 Develop good communication skill	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
I-6 Handle customer complaints tactfully and open-mindedly	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

	Importance of Skill	Frequency of Skill	Knowledge Requirements
	Great Importance — No Importance	Frequently Performed — Never Performed	Great Knowledge — Little Knowledge
I-7 Develop a philosophy for contributing to charities	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

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Comments ____

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CATEGORY J

Performing Recordkeeping Operations

J-1 Maintain personnel files	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
J-2 Maintain records pertinent to the business enterprise	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ____

____

Comments ____

CATEGORY K

Make Money Management Decisions

K-1 Make short-term investment decisions	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

	Importance of Skill	Frequency of Skill	Knowledge Requirements
	Great Importance — No Importance	Frequently Performed — Never Performed	Great Knowledge — Little Knowledge
K-2 Analyze risks	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
K-3 Control inventory	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
K-4 Manage cash flow	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ______________________________

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Comments ______________________________

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CATEGORY L

Perform Time Management Functions

L-1 Explore computerization as a time saver	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0
L-2 Learn to delegate	5 4 3 2 1 0	5 4 3 2 1 0	5 4 3 2 1 0

Other Skills ______________________________

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Comments ______________________________

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Appendix E

ENTREPRENEURSHIP COMPETENCY LIST

SURVEY OF CLARION COUNTY ENTREPRENEURS

N = 42

		Knowledge Required $\bar{x}$	Importance of Skill $\bar{x}$	Frequency Skill Performed $\bar{x}$
A-1	Investigate An Idea	3.67	4.34	3.55
A-2	Conduct Feasibility Study	3.52	3.50	2.59
A-3	Prepare Initial Business Plan	4.10	4.05	3.07
B-1	Work with SBA and Advisors	3.31	3.64	2.80
C-1	Set Goals	3.86	4.27	3.75
C-2	Continually Reevaluate Goals	3.67	3.84	3.36
C-3	Prepare a Long-range Plan	3.74	3.46	2.73
C-4	Prepare Short-range Plans	3.67	3.93	3.66
C-5	Prepare a Budget	3.76	4.36	3.36
C-6	Plan to Work Long Hours	3.05	4.07	3.80
D-1	Find Collateral	3.67	3.93	3.86
D-2	Determine Net Worth	3.70	3.75	2.73
D-3	Raise Funds	3.43	3.59	2.80
D-4	Investigate Private/Public Sources	3.24	3.23	2.43
E-1	Secure Insurance	3.50	4.20	3.41
E-2	Secure Licenses and Permits	3.21	3.80	2.91
E-3	Secure Workman's Compensation	3.26	3.91	2.98
E-4	Secure Information on Zoning Laws	2.70	3.14	2.14
E-5	Pay Taxes on Time	3.70	4.30	4.10
E-6	Terminate Employees Legally	3.31	3.70	2.18
E-7	Obtain Information on Product/ Service Liability	3.38	3.80	3.07
F-1	Develop Hiring Procedures	3.64	3.84	2.84
F-2	Develop Firing Procedures	3.21	3.45	2.00
F-3	Train Employees	4.91	4.34	3.73
F-4	Observe/Evaluate Employees	4.07	4.02	3.95
F-5	Develop Plan to Handle Emergencies	3.62	3.82	2.59
F-6	Define Employer/Employee Responsibilities	3.86	3.91	2.77
F-7	Deal with Labor Unions	2.45	2.16	1.18
F-8	Establish a Chain of Command	3.48	3.64	3.00
F-9	Establish Salary Scale and Fringe Benefits	3.48	3.41	2.93
G-1	Record and Report Taxes	4.36	4.50	4.23
G-2	Prepare a Payroll	3.98	4.20	3.98
G-3	Prepare Financial Statements	4.19	4.10	3.55

		Knowledge Required	Importance of Skill	Frequency Skill Performed
		$\bar{X}$	$\bar{X}$	$\bar{X}$
G-4	Develop a Working Knowledge of Financial Terms	3.90	3.86	3.43
G-5	Establish Bill Collecting Procedures	3.86	4.20	3.64
H-1	Market Ideas Creatviely	3.98	4.05	3.66
H-2	Select Advertising Media to Target Your Customers	3.74	4.05	3.64
H-3	Display Products	3.60	3.86	3.70
H-4	Secure Suppliers	3.88	4.20	3.86
H-5	Develop Promotional Ideas	3.76	3.89	3.57
H-6	Use the Telephone As an Effective Sales Tool	3.55	3.66	3.25
I-1	Project Enthusiasm and An Agreeable Image	4.05	4.22	4.43
I-2	Develop a Positive Self-Concept	3.898	4.30	4.23
I-3	Identify Customer Needs and Wants	4.33	4.22	4.05
I-4	Make Each Customer Feel Important	4.14	4.57	4.41
I-5	Develop Good Communication Skills	3.24	4.57	3.36
I-6	Handle Customer Complaints Tactfully and Open-mindedly	4.17	4.50	3.93
I-7	Develop a Philosophy for Contributing to Charities	2.36	2.60	2.90
J-1	Maintain Personnel Files	3.69	3.93	3.83
J-2	Maintain Records Pertinent to the Business Enterprise	3.98	4.48	4.45
K-1	Make Short-Term Investment Decisions	4.24	4.02	3.64
K-2	Analyze Risks	4.19	4.14	3.62
K-3	Control Inventory	3.95	4.20	4.05
K-4	Manage Cash Flow	4.40	4.59	4.64
L-1	Explore Computerization as a Time Saver	3.79	3.45	2.52
L-2	Learn to Delegate	3.86	4.11	3.93

Appendix F

A new challenge in vocational education for administrators and teachers

LAUNCH YOUR STUDENTS INTO...

ENTREPRENEURSHIP

Do you have students who are or would like to be self-employed?

Who may already be working in a family business?

Attend our Workshop on Entrepreneurship --June 22 through June 26-- and learn how to help your students become competent, independent business men and women.

Cover all aspects of entrepreneurship-- from developing and financing an idea to customer relations, promotional displays, marketing, and keeping records.

Visit successful rural enterprises and learn firsthand what makes them work.

Register by June 1.
For additional information contact: Roger McChesney, Project Coordinator
• Center for Vocational Personnel Preparation •
Reschini House, IUP • Indiana, PA 15705 • (412) 357-4434

iup
INDIANA UNIVERSITY OF PENNSYLVANIA • INDIANA, PENNSYLVANIA 15705
Center for Vocational Personnel Preparation • Reschini House • 412-357-4434

Dear Educator,

You are invited to participate in an Entrepreneurship Education Workshop which will be held from June 22 - June 26 (Monday through Friday), at the Brookville Days' Inn Hotel, one mile off exit #13 of Interstate 80.

The purpose of the workshop is to provide you with information, ideas and curriculum materials that will enable you to add entrepreneurship training to your regular vocational program. For years, teachers have been preparing students to be employees. Now, you can add an Entrepreneurship Training Program to your regular course of study that will help these same students decide if they have the "right stuff" to become employers in businesses they own and operate!

At the workshop, you will hear speakers discuss many aspects of business development and management like (locating financial aid), (writing a business plan), (getting assistance from professional advisors), and (strategies for keeping accurate books and records). Workshop topics were selected by a team of Clarion County business owners who have been working to build an entrepreneurship curriculum for the Clarion County Area Vo-Tech.

You will also have an opportunity to visit several small business establishments in northwestern Pennsylvania owned and operated by families, sole propreitors and husband/wife entrepreneur teams. Panel discussions with these business owners will give you a chance to discover their strategies for success, and their advice for avoiding failure.

Hands-on practice will be offered to you to provide a knowledge base in developing a business concept, writing a sample business plan and designing marketing strategies for selling a product or service.

Finally, you will receive a curriculum outline in Entrepreneurship which you can use in addition to your workshop experience in teaching your own students what they must possess in personality, finances, and resources to become a successful entrepreneur.

Enrollment is limited at the workshop. The attached pre-registration form must be returned to the Center for Vocational Personnel NO LATER than May 31, 1987. Spouses are welcome at the workshop. Workshop participants will be asked to pay lodging and meal expenses for spouses. Additional information on prices (and a spouse's program of activities) will be sent to workshop members who check box B on their registration forms.

Use the enclosed pre-addressed, postage-paid envelope to register. THERE IS NO REGISTRATION FEE. THE WORKSHOP IS FREE TO TEACHERS. YOU WILL ALSO RECEIVE TRAVEL REIMBURSEMENT AT 20.5 CENTS PER MILE UP TO $200.00.

Your workshop contact person at Indiana University of Pennsylvania is Mr. Roger McChesney, Entrepreneurship Workshop Coordinator, Center for Vocational Personnel, IUP, Indiana, PA 15705 (412) 357-4434.

Sincerely,

Roger McChesney

Roger McChesney, Workshop Coordinator

Entrepreneurship Education Workshop
presented by:
Indiana University of Pennsylvania's Center for Vocational Personnel

Dates: June 22 - June 26 (Monday thru' Friday)
Location: Days' Inn Hotel of Brookville, PA
(exit 13 on Interstate 80)

REGISTRATION FORM

Please enroll me in the Entrepreneurship Education Workshop.

____
Name Vocational Area of Specialization

__________________/___________________________
Position or Title School Address Town State Zip

____
Home Address - Street or R.F.D.# City State Zip

__(________)__________|_______________________
Home Telephone Number - Social Security number (for travel reimbursement)

CHECK ONE OF THE FOLLOWING

A. / / Please enroll me in the workshop and reserve a room at the hotel.

B. / / Please enroll me in the workshop and reserve a room at the hotel for me and my spouse.

C. / / Please enroll me in the workshop. I will commute to the workshop each day and will not need a hotel reservation

DINNER RESERVATIONS

Select your dinner preference for Monday - Tuesday - Wednesday nights at the Days' Inn hotel (Thursday's dinner will be held at the Gateway Inn)

MONDAY	TUESDAY	WEDNESDAY
/ /Roast Beef	/ / Stuffed Chicken Breast	/ /Swiss Steak
/ /Broiled Filet of Sole	/ / Crab Cakes	/ /Broiled Virginia whitefish

Registration Deadline is May 31, 1987

IF YOU MUST CANCEL YOUR WORKSHOP RESERVATION PLEASE DO SO NO LATER THAN JUNE 12, 1987

Signataure ______________________________Date______________________

KEEP THIS COPY FOR YOUR RECORDS KEEP THIS COPY FOR YOUR RECORDS

KEEP THIS COPY FOR YOUR RECORDS KEEP THIS COPY FOR YOUR RECORDS

Workshop Registration Record

Workshop Title: Entrepreneurship Education
Location: Brookville Days' Inn, 1 mile off exit #13 at Interstate 80
Dates: June 22 through June 26.
Registration at the workshop will be held from 9 am to 12 noon on June 22nd.
Pre-registration deadline is May 31, 1987.
Workshop Cancellations - must be made NO LATER than June 12, 1987.

CONTACT PERSON AT Indiana University of Pennsylvania is: Mr. Roger McChesney, Entrepreneurship Education Workshop Coordinator, Center for Vocational Personnel, Reschini House, IUP, Indiana, PA Telephone: Area Code: 412 - 357-4434.

HOTEL RESERVATION RECORD - Please check one.

A. / / Please enroll me in the workshop and reserve a room at the hotel.
B. / / Please enroll me in the workshop and reserve a room at the hotel for me and my spouse.
C. / / Please enroll me in the workshop. I will commute to the workshop each day and will not need a hotel reservation.

DINNER RESERVATION RECORD - Please check the dinners you selected.

MONDAY	TUESDAY	WEDNESDAY
/ /Roast Beef	/ / Stuffed Chicken Breast	/ / Swiss Steak
/ /Broiled Filet of Sole	/ / Crab Cakes	/ /Broiled Virginia whitefish

Travel Reimbursement will be 20.5¢ per mile up to $200. Auto travel only.

Workshop members may bring a spouse. Members who select "B" on the hotel reservation record will receive an information brochure listing the additional expenses they must pay for lodging and meals. An activities list will also be forwarded.

Teachers who pre-register for the workshop will receive an agenda of activities, a map showing the workshop location, and other supplemental materials BEFORE June 22.

THERE IS NO PRE-REGISTRATION FEE FOR THIS WORKSHOP. THE WORKSHOP IS FREE TO TEACHERS.

KEEP THIS COPY FOR YOUR RECORDS KEEP THIS COPY FOR YOUR RECORDS

KEEP THIS COPY FOR YOUR RECORDS KEEP THIS COPY FOR YOUR RECORDS

ENTREPRENEURSHIP CURRICULUM DEVELOPMENT PROJECT - 1986-1987

November 4 and November 12, 1986

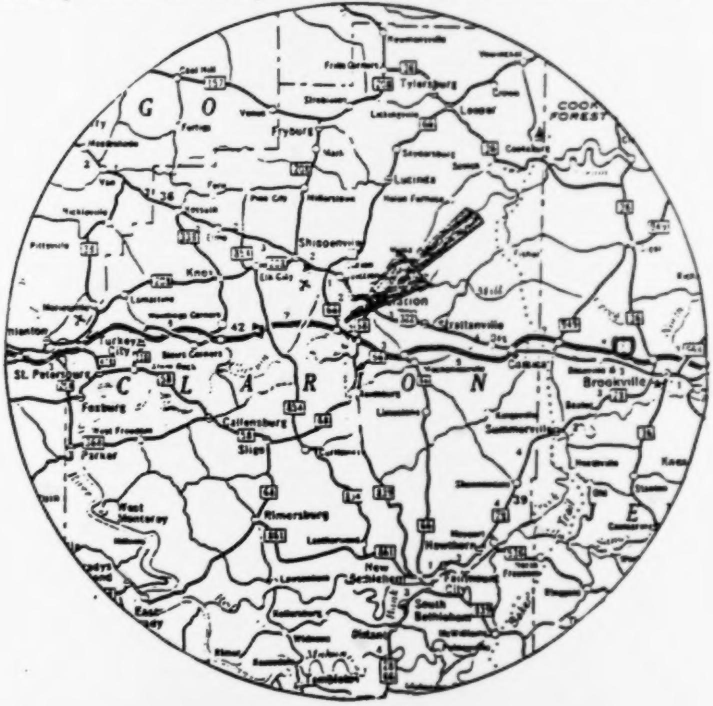
Directions to Riverview Intermediate Unit #06 - Shippenville

TRAVELING FROM THE NORTH

Get on route 322 and follow to route#66 (see arrow on map below). Intermediate Unit is approximately 4 miles south of the intersection of 322 and 66. See sign "Riverview Intermediate Unit" at end of blacktop road leading to the Intermediate Unit office building.

TRAVELING FROM THE SOUTH

Get on Interstate 80 and follow it to route #66 (see arrow on map below). Intermediate Unit is approximately 1/4-mile north of exit #8 off I-80. See sign "Riverview Intermediate Unit" at end of blacktop road leading to the Intermediate Unit office building.



G O
COOK FOREST
Tylersburg
Fryburg
Leeper
Lucinda
Shippenville
Knox
Turkey City
St. Petersburg
C L A R I O N
Strattanville
Brookville
Foxburg
Callensburg
Sligo
Parker
Summerville
Rimersburg
New Bethlehem
Hawthorn
E

Appendix G

ENTREPRENEURSHIP EDUCATION WORKSHOP
June 22-26, 1987
Brookville Days Inn, Brookville, PA

PARTICIPANT'S LIST

NAME	HOME ADDRESS
June R. Arthurs	7412 Penfield Court Pittsburgh, PA 15202
Don R. Beichler ALTOONA AVTS	702 E 24th Avenue Altoona, PA 16601
Carol A. Bevec	311 Hutchinson Avenue Canonsburg, PA 15317
Robert P. Brinkley BUTLER COUNTY AVTS	2004 Short Street Ford City, PA 16226
Peter J. Buckoski	4053 Calico Drive Erie, PA 16506
Thomas B. Burkhardt CLARION COUNTY AVTS	Box 6, Star Route Knox, PA 16232
Mike Carlson HIGHLANDS HIGH SCHOOL	1409 Pacific Avenue Natrona Heights, PA 15065
John Foley	1896 Woodward Avenue Pittsburgh, PA 15226
Pamela Fox ALTOONA AVTS	RD #3, Box 631 H Hollidaysburg, PA 16648
Andy Gates	86 Main Street 3C Bradford, PA 16701
Carol J. Glasser	750 J Presque Isle Drive Pittsburgh, PA 15239

Yvette D. Goettler
SOUTH VO-TECH HIGH SCHOOL
613 Hartranft Street
Pittsburgh, PA 15226

Worth Hammond
RD #6
Meadville, PA 16335

Carol J. Hinds
908 Rutgers Drive
Allison Park, PA 15101

James Hoke
FRANKLIN COUNTY AVTS
363 Laurel Lane
Waynesboro, PA 17268

Evelyn Hrapchak
SOMERSET COUNTY AVTS
605 Vannear Avenue
Somerset, PA 15501

Arthur J. Kightlinger
ERIE COUNTY AVTS
8249 Pagan Road
Erie, PA 16509

Louella Kightlinger
ERIE COUNTY AVTS
8249 Pagan Road
Erie, PA 16509

Jerry F. Longwell
LENAPE AVTS
RD #5, Box 75
Kittanning, PA 16201

Andrew L. Lutz
CRAWFORD COUNTY AVTS
1435 Leslie Road, RD #7
Meadville, PA 16335

Peter Maruska
CRAWFORD COUNTY AVTS
112 South Franklin Street
Cochranton, PA 16314

Ann Peay
LAWRENCE COUNTY AVTS
821 Beckford Street
New Castle, PA 16101

Denise Roddy
GREENE COUNTY AVTS
661 E Beau Street
Washington, PA 15301

R. Dean Russell
CLARION COUNTY AVTS
PO Box 17
Clarington, PA 15828

Irvin W. Tantlinger EASTERN WESTMORELAND AVTS	RD #1. Box 215 Bolivar. PA 15923
F. J. Tyler GREATER JOHNSTOWN AVTS	472 Chestnut Street Conemaugh. PA 15909
Milton L. Tyler JEFF TECH	Main Street. Box F Big Run. PA 15715
David Urik NORTHERN WESTMORELAND AVTS	1500 2nd Street Natrona Heights. PA 15065
Larry Watkins CRAWFORD COUNTY AVTS	RD #2. Box 2233 Stoneboro. PA 16153
Pamela M. Wiegman	4530 Pinewood Lane Allison Park. PA 15101
Elwood R. Wylie	476 Spruce Road New Cumberland. PA 17070

Appendix H

AGENDA ENTREPRENEURSHIP WORKSHOP
CLARION COUNTY AVTS AND INDIANA UNIVERSITY OF PENNSYLVANIA
JUNE 22 - JUNE 26
BROOKVILLE DAYS INN, BROOKVILLE, PENNSYLVANIA

****

Monday, June, 22.

9am to noon - Registration and Hotel Check-in
12:00-1:00 - Lunch
1:30 -2:00 - Welcome and Introductions
2:00 -3:00 - Keynote Address - Joseph Grunenwald, Marketing Dept. Chairman
Clarion University of Pennsylvania
" Entrepreneurship and Economic Development"
3:00 -3:15 - Break
3:15 -3:45 - Entrepreneurship for Vocational Education,
Robert Bickerstaff, Director or Clarion County
AVTS
3:45-4:30 - An Entrepreneurship Curriculum for Vocational and
Secondary Students
4:30-6:00 - Free Time
6:00-7:00 - Dinner at Brookville Days Inn Hotel

Tuesday, June 23.

6:30-8:00 - Breakfast
8:00-9:00 - Developing a Business Idea - Linda Burney,
Owner of Gateway Lodge, Cooksburg, PA
9:00-9:10 - Break
9:10-10:30 - My Business -- How I Started (Young Entrepreneurs)
George B. Campbell, Bonnie Gold, Shaun MacWilliams,
Mark Nolf
10:30-10:45 - Break
10:45-11:45 - Developing a Business Plan, Linda Burney
12:00-1:00 - Lunch
1:00-2:00 - Small Group Activity
2:00-210 - Break
2:10-3:00 - Non-Financial Business Records, Paul Smith,Owner/
Operator, Smitty's Golden Dawn Market, Clarion,
Pennsylvania
3:00-3:15 - Break
3:15-4:15 - Financing a Business, David Cox, Vice-President of
Farmer's National Bank of Clarion
4:15-4:30 - Break
4:30-5:00 - Records for Business, David Cox
5:00-6:00 - Free Time
6:00-7:00 - Dinner at Hotel followed by Discussion with
Entrepreneurship Advisory Panel comprised of
10 local business owners

Wednesday, June 24.

6:30-8:00 - Breakfast
8:00-9:00 - Services offered by the Small Business Development Center located at Clarion University of PA., Jeanne Haas, Training Coordinator
9:00-9:10 - Break
9:10-9:50 - The Power of Excellence - Film
9:50-10:00 - Break
10:00-11:00 - Services Offered by the Small Business Administration Joseph Kopp - District Director
11:00-12:00 - Small Group Activity and Report-out
12:00-1:00 - Lunch
1:00 -2:00 - Legal Responsibilities of Business Ownership - James Arner, Attorney at Law
2:00-2:10 - Break
2:10-3:00 - Employee Management - Slara Liebermann, Office Manager of Don J. Altman, Certified Public Acct.
3:00-3:15 - Break
3:15-4:15 - Dealing with the Public in a Business - Susan Hahnfeldt, Agent/Owner, State Farm Insurance of Clarion, Pennsylvania
4:15-4:30 - Break
4:30-5:00 - Overview of Thursday's Field Trip to Area Entrepreneurs
5:00-6:00 - Free Time
6:00-7:00 - Dinner at Hotel

Thursday, June 25.

6:30-8:00 - Breakfast
9:00 - Leave for Field Trip
9:30-10:30 - Christy Trucking Company
11:00-12:00 - Penn Style Campers, Inc.
12:30 - The Country Store
1:00-2:00 - Lunch at the Sawmill Restaurant
2:00 - Sheep Penn Basketry
3:00 - Sawmill Craft Center and Verna Leith Theatre
4:00 - Gateway Inn Restaurant/Lodge Tour
5:00 - Free time at Gateway Inn
6:00 - Dinner at Gateway Inn
7:30-9:30 - Verna Leith Theatre - Man from La Mancha presented by Clarion University Players
9:30 - Return to Motel

Friday, June 26

6:30-8:00 - Breakfast
8:00-9:00 - Using Computers in Business, Kenneth Gray, Owner, CTS Associates, Shippenville, PA.
9:00-9:10 - Break
9:10-10:15 - Effective Advertising Strategies, William Hearst, Owner/Manager Clarion Radio Station
10:15-10:30 - Break
10:30-11:00 - Workshop evaluation, travel forms, wrap-up.
11:00-11:30 - Check out of hotel
12:00-1:00 - Lunch at hotel (optional)

Appendix I

ENTREPRENEURSHIP WORKSHOP
June 22-26, 1987

Joseph Grunenwald
Chairman, Department of Marketing
Clarion University of PA

Education

Ph.D. Business Administration Kent State University
M.S., Business Administration - Kent State University
B.S., Engineering - Youngstown State University

Employment

1978-present	Professor of Marketing; Chairman, Department of Marketing, Clarion University of PA Has his own consulting practice, specializing in small business and marketing for non-profit organizations.
1970-1978	Ohio Department of Education, Area Construction Engineer

Hobbies and Personal Interests

Married, father of 4 children.
Lives on a farm and raises beef cattle.

Robert Bickerstaff
Director, Clarion County AVTS

Education

M.S., Counselor Education, Pennsylvania State University
B.S., Agriculture Education, Pennsylvania State University

Employment

Director, Clarion County AVTS

Counselor, Adult Education Coordinator, Jeff Tech

Teacher, Brookville High School

Hobbies and Personal Interests

Married, 3 children
Active in church, prison ministry, and T.V. Translators ministry

Michael Spewock
Project Director, IUP

Education

Ph.D. Industrial Arts Curriculum and Instruction. Minor in Labor Relations, Pennsylvania State University
M.S., Industrial Arts Education, Kent State University
B.S., Industrial Arts Education, California State University
Associate of Science, Drafting Engineering Technology, Point Park College

Employment

1980-present	Center for Vocational Personnel Preparation. Supervisor of vocational education intern teachers and coordinator of special projects funded by the Pennsylvania Department of Education, Harrisburg, PA.
1977-1980	Department of Vocational Occupational Studies, Pennsylvania State University. Instructor of architectural drafting and industrial arts courses during doctoral degree program.
1974-1977	Industrial Arts Department, Winnisquan Regional Middle School, Tilton, NH. Instructor of mechanical drawing and general industrial arts subjects.
1973-1974	Department of Technology, Kent State University, Kent, OH. Instructor of machine drafting and general metalworking.
1972-1973	Industrial Arts Department, Wellington Middle School, Wellington, OH. Instructor of mechanical drawing.
1970-1972	Industrial Arts Department, Bensalem School District, Bensalem, PA. Instructor of mechanical drawing and general metalwork.

inda Burney
Owner/Operator Gateway Lodge

Education

Real Estate Courses at Behrend College
High School

Employment

1981-
present Owner/operator Gateway Lodge

Executive Secretary, General Electric Company

General Clerk, Erie Times News

Clerk Typist, Telephone Company

Hobbies & Personal Interest

Married, 4 children
Clarion Area Chamber of Commerce
Chairperson, Clarion River Days
Patron, Verna Leith Sawmill Theater
umerous community activities, likes to travel, interested in decorative design and antiques.

George B. "Butch" Campbell
Owner/operator, Printing and Real Estate

Education

Associate Degree, Graphics, Williamsport Community College
On-the-job training at family printing business

Employment

1982-
present Rapid Copy Center, owner

Owns and manages several rental properties

Bankers Supply House (Commercial printing), part-time since old enough, full time since 1972.

Hobbies & Personal Interests

Volunteer fire company, line officer
Teach, fire fighting, EMT, vehicle rescue

Bonnie Gold
Owner/Operator "The New Wave"

Education

Graduated from Vo-Tech School 1979 - Cosmetology Program

Hobbies & Personal Interests

Married a fellow vo-tech student and entrepreneur
Swimming
her business is her hobby

Shaun MacWilliams

Owner/Operator Shaun MacWilliams

Education

Enrolled in Business and Finance, Pennsylvania State University

Employment

Started company one year ago to sell novelty toys. Has 9 employees.

Hobbies & Personal Interests

Stock market and business

Mark Nolf
Service Manager/Part Owner, Nolf Chrysler-Dodge

Education

Graduated from Vo-Tech School in 1980, automotive program
Dale Carnegie Course
Numerous company sponsored technical updating sessions
Co-oped to family business his senior year of high school.

Hobbies & Personal Interests

Member of Borough Council of Hawthorne
Volunteer Fire company - assistant chief
Likes to hunt and fish

Paul Smith
Owner/Operator, Smitty's Golden Dawn

Education

High School Graduate
On-the-job training

Employment

Bought own Gold Dawn Store 12 years ago

Joined Golden Dawn organization as engineer and salesman (opened new stores)

Owner/Operator contracting business 5 years

Started as stock boy after school at age 16, made store manager at age 20, managed several stores.

Hobbies & Personal Interests

Married, 2 children
Member, Chamber of Commerce
Restores antique cars; likes to hunt

David L. Cox

Education

B.S., Chemistry, Grove City College
Pennsylvania School of Banking at Bucknell
PBA Commercial Lending School
Mellon School of Banking

Employment

U.S. Navy Veteran

Farmers National Bank since 1973, Vice President and manager of Clarion Office and also Compliance Officer

Hobbies and Personal Interests

President, Clarion Area Chamber of Commerce
Vice President, Riverhill Services, Inc.
Treasurer, Clarion Rotary Club
Past President, Oil City Chapter, American Institute of Banking
Past Treasurer, A.C. Valley School Board

Jeanne Haas
Training Coordinator and Business Consultant for the Small Business Development Center, Clarion University of Pennsylvania

Education

B.S., Business Administration, Clarion University of PA
Currently enrolled in Master of Business Administration program

Hobbies & Personal Interests

Married, 3 children
Likes to read and camp
Active in her church

Joseph Kopp
District Director, Small Business Administration, Pittsburgh, PA

Education

Attended NYU Graduate School of Business
Certified Public Accountant

B.S., Economics, Pennsylvania State University

Employment

CPA-Auditing and management consulting firm

Vice-President and General Manager of Engineering Manufacturing Company

Last 4 1/2 years, District Director, SBA - responsible for all SBA programs in 27 counties of Western PA

Hobbies & Personal Interests

Former President of Mt. Lebanon Board of Commissions
President of Mt. Lebanon Economic Development Corporation
Member, PA Institute of CPA's
Member, Penn State Alumni Association
Collects antiques, is interested in Historical Architecture and American History

James Arner
Attorney

Education

Law Degree, Temple University
M.S., Political Science, Colorado State University
B.S., Grove City College

Employment

1981 present	Self-employed attorney. Specializes in Business and Real Estate. Commercial and Civil Litigation
2 years	Private Law Firm
1 year	Law clerk to Judges of Indiana County

Hobbies & Personal Interests

Married, 2 sons
Team teachs with wife, Criminology at IUP, Punxsutawney campus

Slara Liebermann
Office Manager, Don J. Altman, CPA

Education

B.S., Home Economics, Pennsylvania State University
On-the-job training, bookkeeper for father's business

Employment

Office manager, Don J. Altman, CPA 5 years

CETA Supervisor

Teacher, Cleveland School System. Helped establish Vocational Job Training Program in the school

Hobbies and Personal Interests

Married
Part-time teacher
Interested in crafts, sewing, canning
Works with the Sawmill Center for the Arts

Susan Hahnfeldt
Agent/Owner, State Farm Insurance Agency, Clarion, PA

Eduation

M.S., Communications
B.S., Elementary Education, Clarion University of PA

Employment

1982- present	Agent/owner, State Farm Insurance Agency
	Instructional Media Specialist, designed and developed media center at CCAVTS, 6 years
	Instructor at Clarion University of PA, 1 1/2 years
	Elementary Education, 1 1/2 years

Hobbies & Personal Interests

Trains and shows Labrador Retrievers and Golden Retrievers
Contributor to Seeing Eye Inc., Morristown, NJ
Member of United Way Board of Directors
Member of 3 National Swimming and Diving team while at CUP
Interested in art and photography

Kenneth Gray
CTS Associates

Education

Vocational Trade Schools, specialized in Missile Guidance Systems
Numerous classes and training seminars

Employment

1986	Opened CTS Associates. 11 staff members, sell variety of Micro-Computers, specialize in small business, construction and medical field.
1968	Started own carpet business

William Hearst
Owner/Operator, Clarion County Broadcasting, Inc.

Education

Bachelor of Arts, Mansfield
On-the-job family owned radio station

Employment

1985	Opened F.M. station
1977	Bought family interests in A.M. station

Hobbies & Personal Interests

Married, 1 child
Member, Board of Directors, PA Association of Broadcasters
Member, Board of Directors, Chamber of Commerce
Member, several service clubs
Avid white water rafting enthusiast, hunting, fishing

Appendix J

INDIANA UNIVERSITY OF PENNSYLVANIA • INDIANA, PENNSYLVANIA 15705
Center for Vocational Personnel Preparation • Reschini House • 412-357-4434

May 21, 1987

Name
Street
Town, State, Zip

Dear ______________________________:

I am pleased that you will be participating in the Entrepreneurship Training Workshop (June 22-26) for vocational and secondary teachers at the Brookville Days Inn at Brookville, Pennsylvania (exit #13 off Interstate 80).

Please be reminded that you are scheduled to participate on

__________________________________ at _____________________________ .
date and day of week   time am/pm

Response to our workshop has been very good. At the present time, 30 vocational and secondary (high school) teachers have registered for the week's activities. These instructors are attending the seminar to learn how they can incorporate entrepreneurship training in their teaching. Traditionally, students have attended school to learn the skills they need to become employees. Entrepreneurship training will provide the student with an overview of the skills they need to be employers, or self-employed in a business of their own. An agenda of workshop activities is enclosed for your use.

The topic you will address at the entrepreneurship workshop is:

____

As you plan your presentation(s), please follow the attached outline as a guide. Please feel free to add additional information to the outline based on your expertise in the subject area. After your final outline/presentation has been completed, mail a copy to me in the attached addressed, postage-paid envelope. We will use it to prepare an introduction for you and your portion of the program. If you require further information, please call me at the above number.

Sincerely,
Roger McChesney, Workshop Coordinator

ENTREPRENEURSHIP WORKSHOP
June 22-26
Brookville Days Inn Hotel
Brookville, PA

Speaker's Name: ______________________________

DIRECTIONS: Please complete the following form and return it to IUP in the enclosed, postage-paid, addressed envelope.

AUDIO-VISUAL MATERIALS

During my presentation, I will need the following audio-visual materials. Check all that apply.

☐ chalkboard
☐ video tape deck & T.V.
☐ overhead projector
☐ slide projector
☐ flip chart & easel
☐ duplicated materials

*NOTE: If you require duplicated materials, mail one camera-ready original copy to: Roger McChesney, workshop coordinator, Center for Vocational Personnel Preparation, Reschini House, Indiana University of Pennsylvania 15705. DEADLINE FOR RECEIVING ALL MATERIALS TO BE PRINTED IS JUNE 5, 1987.

SPEAKER'S PRESENTATION OUTLINE

TOPIC: ______________________________

SUB-TOPICS TO BE ADDRESSED INCLUDE (but not limited to) THE FOLLOWING:

Speaker's Presentation Outline (page 2)
Entrepreneurship Workshop

Speaker's Name: ______________________________
Topic: ____

OUTLINE (CONTINUED)

Appendix K

Dear ____________________

I have asked you to be on a panel for the Entrepreneurship Workshop for vocational teachers on Tuesday, June 23, at the Brookville Days Inn. The Inn is located at exit 13 off Interstate 80. The Panel will start at 9:00 a.m. and end at 10:30 a.m.

You do not need a prepared speech. I would like you to start off with a brief description of your business including: type of business, product or service you provide, brief history of the business, size, location, number of employees, and any other information you wish to provide.

We will then go to questions from the panel moderator and from the audience. Answer those questions that you feel comfortable with or on which you would like to give an opinion. Do not answer any questions that you feel are too personal or would give out company secrets.

Some topics you can think about and be prepared to comment on include:

How well do you feel your school prepared you for your career?
What did your school fail to offer you that you would like to have had?
What training/education have you received beyond high school?
Why did you decide to start a business?
Where or how did you get the idea?
Did you develop a business plan?
How did you get the money to finance your business?
Where or to whom did you go for advice on your business? (use general terms, my teacher, my banker, rather than George Smith.)
How much of your time is required by your business?
What affect does the business have on your personal life?
What advice would you offer to a young person interested in starting their own business?
Any other subject you may want to discuss.

If you need to contact me, you can reach me at the office or my home.

Office Address: Center for Vocational Personnel Preparation
Reschini House
Indiana University of Pennsylvania
Indiana, PA 15705
(412) 357-4434

Home Address: R.D. 1
Dayton, PA 16222
(814) 257-8162

Please check the appropriate information and return this form in the enclosed envelope by June 15th.

I will ______ and my spouse will _____ attend the dinner on Tuesday
will not_____ will not _____

evening, June 23, at 6:00 p.m. at the Brookville Days Inn.

Please select dinner entre Stuffed Chicken Breast _________
Crab Cakes _________

NAME ____

First Federal Savings and Loan Association
OF KANE

February 23, 1987

Mr. Roger McChesney
Indiana University of Pennsylvania
Center for Vocational Personnel Preparation
Indiana, PA 15705

Dear Mr. McChesney:

As a member of the Stategic Planning Committee for the Entrepreneur Program, I want to let you know how important I feel this program is for our area and let you know that I think there is a need for adult training, also.

You no doubt know that we have had three glass plants close in our area over the last four to five years. Two plants were owned by Glass Container's Corporation and one by Diamond Bathhurst. An oil refinery has also closed during the same period. A lot of work has been done to promote tourism in the area and it is beginning to pay off. I have people approach me on a regular basis wanting to borrow money to open a small business to cater to this growing segment. A good example would be the couple that came in last Friday wanting to start a small shop at our local mall. They really needed a program such as we are developing to get them started in the right direction. They have some equity and a strong desire to do something on their own. I happen to know through some contacts that I have that there is a need for this particular service in our area. I could go on and on and tell you that the husband is laid off from the coal business that has slipped in our area from employing approximately 2,000 people to under 1,000 people, but suffice it to say we need these small service type businesses to develop the tourist trade for the rivers and lakes and parks with which we have already been blessed.

I would be more than willing to work as a resource person with you or anyone else if we could get a program for adults going in the area.

Should you have any questions or want to discuss this in more detail, please contact me at the Clarion address below. Thank you for your consideration concerning this matter.

Respectfully yours,

D. Merle Wetzel,
Vice President

DMW:esm

56 Fraley St., P.O. Box 867
Kane, PA 16735
814/837-6080

601 Main Street, P.O. Box 789
Clarion, PA 16214
814/226-7873

231 Broad Street
New Bethlehem, PA 16242
814/275-2200

AVTS

Clarion County
AREA VOCATIONAL TECHNICAL SCHOOL
R. D. 2, Rt. 66, 1 Mile S. of Rt. 322
Shippenville, PA 16254-8928
814-226-4391

H. Robert Bickerstaff
Director

Susan Hindman
Business Coordinator

February 24, 1987

Mr. Roger McChesney
Vocational Personnel Center
Reshini House
Indiana University of Pennsylvania
Indiana, PA 15701

Dear Roger,

I was pleased to learn that there is a possibility of locating a Entrepreneurship Center in Clarion County.

May I offer our facilities to house the center. We have for a long time felt a need for such a center to serve our community.

Please feel free to stop by and discuss an arrangement that would benefit our community.

Good luck on a much needed program.

Sincerely,

Bob

H. Robert Bickerstaff, Director
Vocational Education

Linnon
rdinator,
perative Education

R. Leroy Tabler
Coordinator,
Adult Education

W. Barnett Knorr
Coordinator,
Vocational Guidance

BUILD SUCCESS AT CLARION COUNTY A.V.T.S.

Appendix L

Innovation Competition

PROBLEMS TO BE SOLVED

1. Create a product or service idea through brainstorming with team members. Your idea must be something new, OR a new variation of an existing product/ service as stated on page #22 of Drucker's book.

   SUGGESTIONS FOR BRAINSTORMING:

   a. What business do you want to start?
   b. How will your business be unique?
   c. How will your product/service be better than that which already exists
   d. What advantage will your product or service have over your competition?
   e. What trends in society make your idea possible?
   f. Why will your business be successful and continue to grow?

2. Plan Your Business

   a. Who are your customers?
   b. Where do your customers live and work?
   c. How will you connect with your customers?
   d. Who or what will make up your competition?
   e. How is your product or service related to the economic health of Pennsylvania?

3. Establish some short-range goals. Establish some long-range goals.

4. Develop an Estimated Budget Forecast for Your Business.

   a. Write a list of business expenses.
   b. Estimate the cost of starting your business?
   c. Estimate the cost of your first 6 months of operation.

5. How Do You Plan to Finance Your New Business?

   a. Develop a statement of financial need
   b. What strategies will you use to finance the business?

6. How do you Plan to Advertise Your Product or Service?

   a. What media will you use?
   b. What novel things will you do to attract customers?
   c. Is a slogan or "jingle" appropriate?

COMPETITION RULES

1. Teams will consist of no more than 3 workshop participants.

2. Product or service ideas MUST be VIABLE in today's society using today's technology and resources. NO SCIENCE FICTION, PLEASE.

3. Financing must be generated from VIABLE collateral and agencies. INHERITANCES FROM FICTITIOUS MILLIONAIRES ARE NOT ALLOWED.

4. Deadline for completing the activity is 7:00 p.m., Wednesday.

5. Teams will report to the rest of the group on the results of their INNOVATION AND ENTREPRENEURSHIP ideas Wednesday evening at 7:00 p.m. Sketches, drawings or mock-ups may be used as part of the report.

6. Each team member MUST participate in the report-out by explaining how 2 of the 6 items were solved by her or his team.

7. Time limit for the TEAM'S report to the group is 8 MINUTES.

8. Results of each team's work will be rated by all workshop members.

9. Ratings will be tabulated by workshop staff.

10. If there is a tie, workshop staff will act as final judge by reviewing the written work completed by the "tied" contenders.

11. First, Second, and Third place Entrepreneurship placques will be awarded to each of the members in the 3 top-scoring teams.

12. Awards will be announced at 9:00 a.m., Friday. Teams (ALL 3 MEMBERS) must be present to receive awards.

TEAM NUMBER ________

Names of Team Members: ____________________

____

____

****

CRITERIA FOR SCORING AT REPORT-OUT

CRITERION	SCORE EACH 0-100 points
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	________
2. Description of business idea	________
3. Reasons why the business will be a success	________
4. Appeal to potential customers	________
5. Clarity and feasibility of short-range goals	________
6. Clarity and feasibility of long-range goals	________
7. Strategies used to finance the business	________
8. Creativity of advertising methods/slogan	________
9. Creativity of the team's report to the group	________
10. Marketability of the business venture	________
TOTAL POINTS	________
Divide total points by 10 for SCORE	________

INNOVATION AND ENTREPRENEURSHIP COMPETITION

REPORT-OUT GUIDE

NEW PRODUCT/SERVICE IDEA ______________________________

THIS BUSINESS WILL BE UNIQUE BECAUSE: ______________________________

____

____

____

THE PRODUCT/SERVICE WILL BE BETTER THAN THE EXISTING ONE BECAUSE IT: ______________________________

____

____

____

ADVANTAGES THE PRODUCT/SERVICE HAVE ARE: ______________________________

____

____

____

SOCIETAL TRENDS MAKING THIS NEW IDEA POSSIBLE ARE: ______________________________

____

____

____

THIS BUSINESS WILL BE SUCCESSFUL AND WILL CONTINUE TO GROW BECAUSE: ______________________________

____

____

____

____

PLANNING THE BUSINESS

OUR CUSTOMERS WILL BE COMPRISED OF: ______________________________
____

POTENTIAL CUSTOMERS LIVE AND WORK IN: ____________________________
____
____

WE PLAN TO "CONNECT" WITH OUR BUYING PUBLIC BY: __________________
____
____
____

COMPETITORS WILL PROBABLY BE: ____________________________________
____
____

THE PRODUCT/SERVICE IS RELATED TO THE ECONOMY OF PENNSYLVANIA
IN THE FOLLOWING WAY(S): ____
____
____
____

OTHER CONSIDERATIONS MIGHT BE: ___________________________________
____
____
____

GOALS/OBJECTIVES TO ACHIEVE

SHORT-RANGE GOALS	TARGET DATES

LONG-RANGE GOALS	TARGET DATES

BUDGET FORECAST

LIST OF PREDICTED BUSINESS EXPENSES

EXPENSE	ESTIMATED COST

ESTIMATED START-UP COST OF THE BUSINESS: $ ____________

ESTIMATED COST OF FIRST 6 MONTHS OF OPERATION $ ____________

STATEMENT OF FINANCIAL NEED

STRATEGIES PLANNED FOR FINANCING ARE: ______________________________

____

ADVERTISING

CREATIVE METHODS TO BE USED FOR ADVERTISING THIS PRODUCT/SERVICE ARE:

SOME NOVEL METHODS FOR ATTRACTING CUSTOMERS WILL BE: ____________

Appendix M

INNOVATION AND ENTREPRENEURSHIP

Peter F. Drucker

QUESTIONS FOR STUDY

Introduction

1. How many new businesses are being started in the United States each year (according to "The Economist")? page 3

2. Of the 40 million new jobs created since 1965 in the American economy, how many were generated by "high tech" industries? page 3

3. Compare the model of technology from 1680 to 1960 with the model of technology from 1960 to the present. How do they differ? pp.3-4

4. On what phenomenon was Nickolai Kondratieff's economic theory based? p.4

5. What major American industries fit the pattern of development and decline described by Kondratieff's theory? p.5

6. What explanation do economists provide as to why entrepreneurship emerges in specific countries or specific cultures? p. 13

7. What is the new "technology" that is making the American economy more entrepreneurial in nature? p. 17

CHAPTER 1

8. What special characteristics make a business entrepreneurial in nature? p. 22

9. What major change took place in higher education in the eastern United States after World War II as a result of shifting demographics? p. 24

CHAPTER 2

10. What American entrepreneur invented the concept of "installment buying" to permit consumers to purchase goods now with future earnings? p. 30

11. Most large, successful companies exploit change through planned, disciplined innovation. This, however, entails monitoring seven sources for innovative opportunity. List these seven sources and define them. p. 35

CHAPTER 3

12. In the 1950's, the R.H. Macy department store in New York City experienced an unexpected success. Explain what that success was. p. 37

13. In your own words, explain how the phenomenon of the unexpected success can either help or hurt a business depending upon top management's philosophy. (synthesize answer from reading)

14. How can an unexpected failure be transformed into innovative opportunity? p. 46

15. How did Ray Kroc take advantage of an unexpected event in the fast food business? p. 49

16. How does Peter Drucker define "Innovation?" p. 50

17. The Ford Motor Company transformed the failure of the Edsel into one of the greatest automotive successes since the Model T Ford. How? p. 51

18. An unexpected outside event demonstrated to IBM executives that their perception of computer usage was missing a huge potential market. What was that event? pp.52-53

CHAPTER 4

19. Define "Incongruity" as it pertains to innovation. p. 57

20. Name any two of the four types of incongruity mentioned in Chapter four. p. 57

CHAPTER 5

21. Define "process need" as a source of innovative opportunity. p. 69

22. What are the two most common causes of a process need? p. 71

CHAPTER 6

23. What did the Rolls Royce auto industry do when it perceived a change in its consumer market? Contrast Rolls' strategy with that of Henry Ford. p. 77

24. Industry and market structures appear to be rock solid. Are they? Why? (Synthesize answer from information in chapter six.)

CHAPTER 7

25. What role does demographics play in an entrepreneur's success? (Synthesize answer from information in chapter seven.)

CHAPTER 8

26. How can changes in perception among consumers "spell" opportunity for entrepreneurs? (Synthesize answer from information in chapter eight.)

CHAPTER 9

27. Why is knowledge-based innovation the "super-star" of entrepreneurship? p. 107

CHAPTER 10

28. Why should entrepreneurs forgo innovations that are based on "bright ideas?" p. 130

CHAPTER 11

29. List the 5 "do's" and the 3 "don't's" in the principles of innovation. pp. 134-138

30. What are the "three conditions" needed before the principles of innovation can work? pp. 138-139

31. According to psychologists, what trait characterizes the entrepreneurial personality? Is this, in fact, true? p. 139

Appendix N

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 7-7(7.8)

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	10
2. Description of business idea	9
3. Reasons why the business will be a success	9
4. Appeal to potential customers	8
5. Clarity and feasibility of short-range goals	7
6. Clarity and feasibility of long-range goals	7
7. Strategies used to finance the business	9
8. Creativity of advertising methods/slogan	6
9. Creativity of the team's report to the group	6
10. Marketability of the business venture	8
TOTAL POINTS	78
Divide total points by 10 for SCORE	7.8

DOO - DEE FREEZE

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 8-8(7.4)

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	8
2. Description of business idea	8
3. Reasons why the business will be a success	10
4. Appeal to potential customers	7
5. Clarity and feasibility of short-range goals	6
6. Clarity and feasibility of long-range goals	6
7. Strategies used to finance the business	8
8. Creativity of advertising methods/slogan	7
9. Creativity of the team's report to the group	8
10. Marketability of the business venture	6
TOTAL POINTS	74
Divide total points by 10 for SCORE	7.4

CHILD ALERT ALARM
2 BRACELETS

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 9-4(

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	9
2. Description of business idea	8
3. Reasons why the business will be a success	6
4. Appeal to potential customers	8
5. Clarity and feasibility of short-range goals	4
6. Clarity and feasibility of long-range goals	8
7. Strategies used to finance the business	7
8. Creativity of advertising methods/slogan	9.
9. Creativity of the team's report to the group	8
10. Marketability of the business venture	7
TOTAL POINTS	74
Divide total points by 10 for SCORE	7-4

M.E.T.
MOBILE ENTERTAINMENT
& TRANSPORTATION

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: ________

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	
2. Description of business idea	
3. Reasons why the business will be a success	
4. Appeal to potential customers	
5. Clarity and feasibility of short-range goals	
6. Clarity and feasibility of long-range goals	
7. Strategies used to finance the business	
8. Creativity of advertising methods/slogan	
9. Creativity of the team's report to the group	
10. Marketability of the business venture	
TOTAL POINTS	
Divide total points by 10 for SCORE	

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: ________

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	
2. Description of business idea	
3. Reasons why the business will be a success	
4. Appeal to potential customers	
5. Clarity and feasibility of short-range goals	
6. Clarity and feasibility of long-range goals	
7. Strategies used to finance the business	
8. Creativity of advertising methods/slogan	
9. Creativity of the team's report to the group	
10. Marketability of the business venture	
TOTAL POINTS	
Divide total points by 10 for SCORE	

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: ________

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	
2. Description of business idea	
3. Reasons why the business will be a success	
4. Appeal to potential customers	
5. Clarity and feasibility of short-range goals	
6. Clarity and feasibility of long-range goals	
7. Strategies used to finance the business	
8. Creativity of advertising methods/slogan	
9. Creativity of the team's report to the group	
10. Marketability of the business venture	
TOTAL POINTS	
Divide total points by 10 for SCORE	

1-2

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: ______

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	
2. Description of business idea	
3. Reasons why the business will be a success	
4. Appeal to potential customers	
5. Clarity and feasibility of short-range goals	
6. Clarity and feasibility of long-range goals	
7. Strategies used to finance the business	
8. Creativity of advertising methods/slogan	
9. Creativity of the team's report to the group	
10. Marketability of the business venture	
TOTAL POINTS	
Divide total points by 10 for SCORE	

2-3

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 2-3 (7-8)

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	10
2. Description of business idea	9
3. Reasons why the business will be a success	7
4. Appeal to potential customers	8
5. Clarity and feasibility of short-range goals	7
6. Clarity and feasibility of long-range goals	8
7. Strategies used to finance the business	7
8. Creativity of advertising methods/slogan	8
9. Creativity of the team's report to the group	7
10. Marketability of the business venture	7
TOTAL POINTS	78
Divide total points by 10 for SCORE	7.8

S.C.
50

SAFE
COMPANIONSHIP
SERVICE
OVER
50

3-5

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 3-5(8.0

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	8
2. Description of business idea	10
3. Reasons why the business will be a success	8
4. Appeal to potential customers	9
5. Clarity and feasibility of short-range goals	10
6. Clarity and feasibility of long-range goals	5
7. Strategies used to finance the business	8
8. Creativity of advertising methods/slogan	7
9. Creativity of the team's report to the group	8
10. Marketability of the business venture	7
TOTAL POINTS	80
Divide total points by 10 for SCORE	8.0

SERVICE KING
FULL SERVICE GAS STATION

4-1

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 4-1(6.7)

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	9
2. Description of business idea	8
3. Reasons why the business will be a success	5
4. Appeal to potential customers	6
5. Clarity and feasibility of short-range goals	9
6. Clarity and feasibility of long-range goals	6
7. Strategies used to finance the business	6
8. Creativity of advertising methods/slogan	6
9. Creativity of the team's report to the group	7
10. Marketability of the business venture	6
TOTAL POINTS	67
Divide total points by 10 for SCORE	6.7

MICROSENSE

5-6

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 5-6(8.1)

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	10
2. Description of business idea	8
3. Reasons why the business will be a success	6
4. Appeal to potential customers	6
5. Clarity and feasibility of short-range goals	7
6. Clarity and feasibility of long-range goals	9
7. Strategies used to finance the business	8
8. Creativity of advertising methods/slogan	10
9. Creativity of the team's report to the group	8
10. Marketability of the business venture	9
TOTAL POINTS	81
Divide total points by 10 for SCORE	8.1

HOME VIDEO DELIVERY SERVICE

50%
OF HOMES HAVE
VCR

6-9

CRITERIA FOR SCORING AT REPORT-OUT - TEAM NUMBER: 6-9(6.7

CRITERION	SCORE (0 - 100 POINTS)
1. The product or service is innovative in that it is totally new, or is a new variation of an existing business.	8
2. Description of business idea	5
3. Reasons why the business will be a success	7
4. Appeal to potential customers	9
5. Clarity and feasibility of short-range goals	5
6. Clarity and feasibility of long-range goals	8
7. Strategies used to finance the business	5
8. Creativity of advertising methods/slogan	5
9. Creativity of the team's report to the group	6
10. Marketability of the business venture	9
TOTAL POINTS	67
Divide total points by 10 for SCORE	6.7

TEE-SHIRT
~~SBJ~~ ~~DOD DEL [illegible]~~
PERSONALIZED

EST COPY AVAILABLE

ENTREPRENEURSHIP WORKSHOP

Center for Vocational Personnel Preparation
IUP

June 22-26, 1987

In order for us to determine the degree of effectiveness, usefulness, and relevance of this workshop, we need your opinion. Please circle the number in each statement that best reflects your opinion of that statement.

	Poor		Average		Excellent
Pre Seminar Communications					
Timing	1	2	3	4	5
Information Adequacy	1	2	3	4	5
Facilities					
Adequacy	1	2	3	4	5
Accessibility	1	2	3	4	5
PRESENTATIONS - Monday, June 22, 1987					
Keynote Address - Joseph Grunenwald					
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5
Entrepreneurship For Vocational Education - Robert Bickerstaff					
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5
An Entrepreneurship Curriculum for Vocational and Secondary Students - Michael Spewock					
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

PRESENTATIONS - Tuesday, June 23, 1987

Developing a Business Idea/Plan - Linda Burney

	Poor		Average		Excellent
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

My Business - How I Started - Young Entrepreneurship Panel

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Non-Financial Business Records - Paul Smith

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Financing a Business/Business Records - David Cox

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Evening Discussion with the Advisory Panel

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

PRESENTATIONS - Wednesday, June 24, 1987

Services Offered by the Small Business Development Center - Jeanne Haas

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Services Offered by the Small Business Administration - Joseph Kopp

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

PRESENTATIONS - Wednesday, June 24, 1987 (Cont'd)

Legal Responsibilities of Business Ownership - James Arner

	Poor		Average		Excellent
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Employee Management - Sally Liebermann

	Poor		Average		Excellent
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Dealing With The Public in Business - Susan Hahnfeldt

	Poor		Average		Excellent
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

THURSDAY, June 25, 1987

Field Trip

Comments and Suggestions:

PRESENTATIONS - Friday, June 26, 1987

Using Computers in Business - Kenneth Gray

	Poor		Average		Excellent
Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

Effective Advertising Strategies - William Hearst

Content	1	2	3	4	5
Materials	1	2	3	4	5
Delivery	1	2	3	4	5

The Seminar:

Met my expectations	1	2	3	4	5
Prepared me sufficiently to develop an entrepreneurship curriculum	1	2	3	4	5
Achieved its stated purpose and goal	1	2	3	4	5
Contained an appropriate amount of activities	1	2	3	4	5
Was stimulating	1	2	3	4	5
Was useful to me	1	2	3	4	5
Provided ample time to interact with others	1	2	3	4	5

Additional Comments: ______________________________

Appendix O

A Pennsylvania Center for
Vocational Personnel Preparation

Certificate of Completion

Denise Roddy
Awarded to

Entrepreneurship Education Workshop
Awarded for

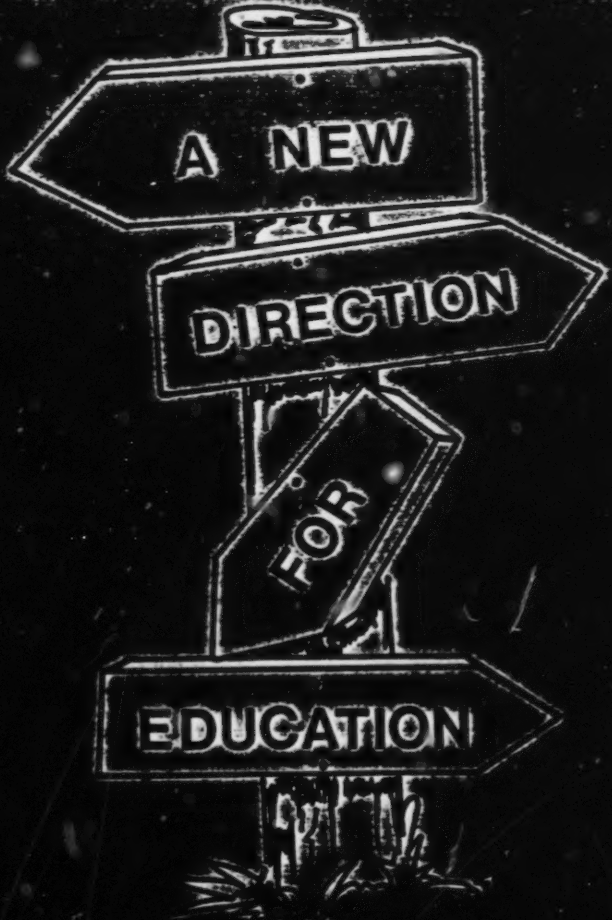
June 22-26, 1987
Date

1987
Innovation
Competition

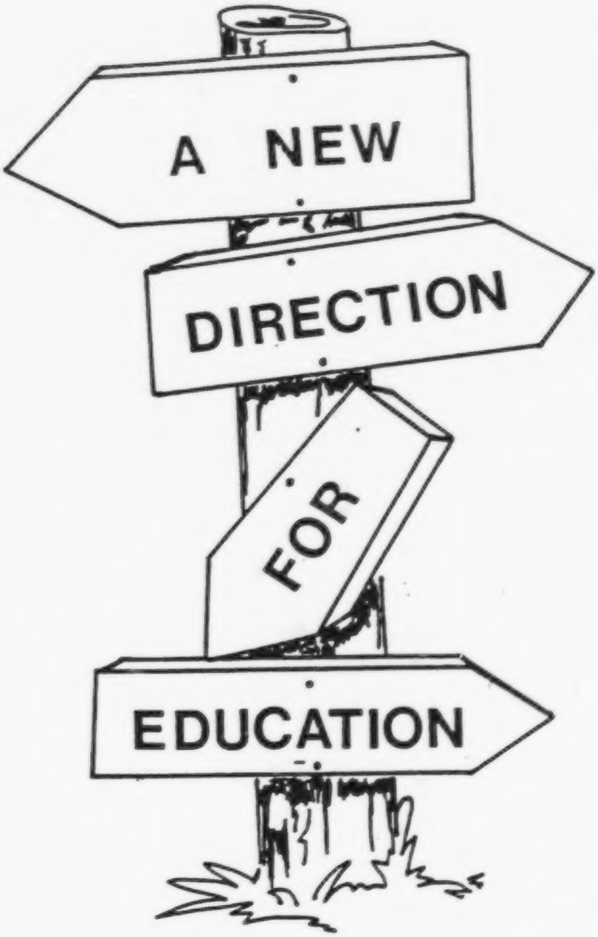
Indiana University of Pennsylvania
Indiana, Pennsylvania 15705

Michael Spewock
Michael Spewock, Ed.D.
Project Director

ENTREPRENEURSHIP


A NEW
DIRECTION
FOR
EDUCATION

ENTREPRENEURSHIP


A NEW
DIRECTION
FOR
EDUCATION

CENTER FOR VOCATIONAL PERSONNEL PREPARATION
INDIANA UNIVERSITY OF PENNSYLVANIA

This curriculum on entrepreneurship was designed as part of a personnel development project in vocational education. The project was funded by the Bureau of Vocational Education, Pennsylvania Department of Education, Harrisburg, Pennsylvania, 1986-87.

Project Director: Michael Spewock, Ed.D.
Project Coordinator: Roger McChesney
Co-writer/Editor: Tanya Spewock, M.A.
Artwork: Donna Cashdollar
Graphics: M. Spewock

Center for Vocational Personnel Preparation
Indiana University of Pennsylvania
Indiana, PA

Why Learn Entrepreneurship?

Owning and operating a small business is becoming more popular as the nation slowly makes a transition from dependence on heavy industries like steel, coal mining, and manufacturing to service industries and information processing.

While this shift has only just begun, it implies moving from huge corporations that employ many workers to small enterprises that employ only ten to a hundred people and specialize in a variety of services like electronics, microcomputer repair, and word processing.

This new opportunity for small business growth represents an era of unprecedented risk-taking, self-confidence, and resourcefulness among American people. But where in the public school system can today's young people learn about the opportunities to start an enterprise of their own? Shapero (1982) states that:

> Entrepreneurs are not born, they "become" . . . . The characteristics that have been found to denote the entrepreneurs from others are not genetically determined or fixed forever in one's earliest years. They are attained through experience. They are hopefully nurtured through education, and they are amenable to personal choice and decision. We humans have the unique capacity to decide, to choose many of the experiences that determine who we will be.

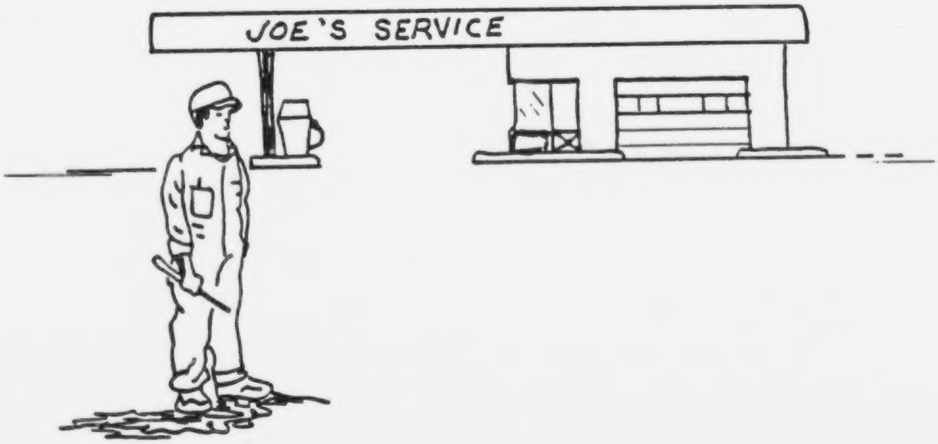
Despite the existence of high school business education courses and a few programs which have taught the basic components of business in community and two-year colleges, entrepreneurship has never been suggested as a possible career goal. Not until the 1980s has a major effort been made to infuse entrepreneurship training into secondary and vocational education programs.

Students in vocational schools and comprehensive high schools may very well be among the entrepreneurs of Pennsylvania's and the nation's future. If so, they must be provided with the preparation and the resources they will need in small business ownership and management. This training can begin during eleventh and twelfth grade with entry-level courses in entrepreneurship.

The entrepreneurship curriculum outlined herein attempts to provide young men and women in high school with an overview of the risks and rewards of owning and operating a small business in their local community. This curriculum does not attempt to replace the one that currently exists in the high school or vocational school; instead, it may provide a new challenge for daring or unmotivated youth who need to see new applications for the basic skills and competencies they are learning in programs at their vocational-technical schools and "home" high schools.

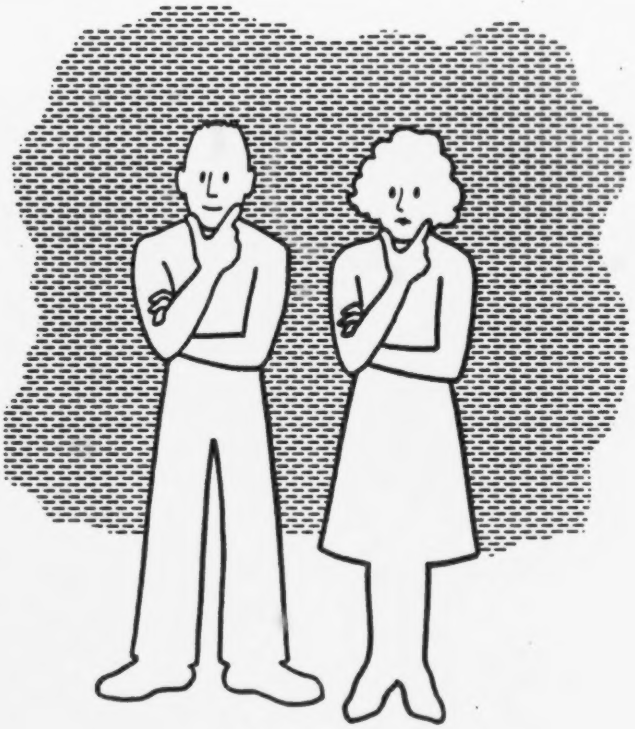
Facts About Entrepreneurs

- 50 PERCENT OF ENTREPRENEURS ARE CHILDREN OF PARENTS WHO OWN THEIR OWN BUSINESSES.
- 35 PERCENT OF ALL ENTREPRENEURS ARE UNDER AGE 30.
- ENTREPRENEURS BELIEVE THEY HAVE CONTROL OVER THEIR FUTURES.
- SUCCESS DOES NOT MEAN THE SAME TO ALL ENTREPRENEURS.
- MOST ENTREPRENEURS START BUSINESSES WHERE THEY ARE ALREADY LIVING AND WORKING.
- BEING AROUND OTHERS WHO ARE ALSO BUSINESS OWNERS MAKES STARTING A BUSINESS EASIER.
- THE MOST IMPORTANT SOURCE OF FINANCING FOR ENTREPRENEURS IS THEIR OWN PERSONAL SAVINGS.
- JOB EXPERIENCE IS THE MOST IMPORTANT FACTOR FOR MEN AND WOMEN WHO START THEIR OWN BUSINESSES.
- SUCCESSFUL ENTREPRENEURS HAVE QUALITIES SUCH AS DETERMINATION, ENERGY, AND THE ABILITY TO LEARN FROM PREVIOUS EXPERIENCE.
- ENTREPRENEURS ARE INFLUENCED EARLY IN LIFE BY ROLE MODELS IN THEIR FAMILIES AND LOCAL COMMUNITIES.
- SUCCESSFUL ENTREPRENEURS ARE WILLING TO GET ADVICE FROM OTHER PROFESSIONALS.



CHAPTER 1

Are You an Entrepreneur?



OBJECTIVES

Chapter One
Are You An Entrepreneur?

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- FIND-OUT IF YOU HAVE THE "RIGHT STUFF" TO BECOME AN ENTREPRENEUR.
- IDENTIFY YOUR PERSONAL RESOURCES.
- EVALUATE YOUR DETERMINATION AND PERSEVERANCE.

INTRODUCTION

An entrepreneur is defined as "one who organizes, manages, and assumes the risks of a business or enterprise." These businessmen and women come from all walks of life and range in age from eighteen to eighty-one.

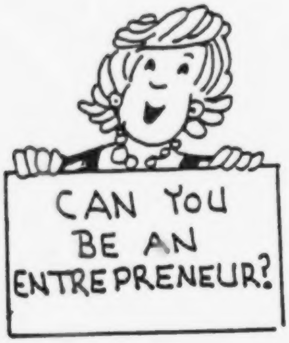
Entrepreneurs don't need four-year college degrees, but most of them will tell you that it helps to have training in some basics like developing a plan for your business, planning marketing strategies, doing research on locating the business, asking for advice from professionals on financing the enterprise, dealing with legal issues, investigating business promotions, managing human resources, and, finally, managing customer credit and collections.

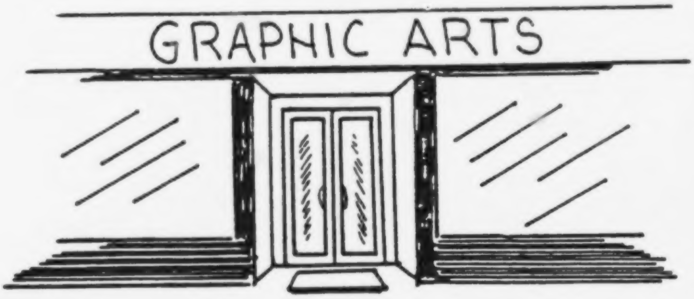
Many successful entrepreneurs started their businesses right after graduation from high school. Jodee Culp, for example, from Minneapolis, Minnesota, started her own graphic arts company in the basement of her home the same year she finished her vocational program in distributive education.

Several night classes in commercial art, assistance from a financial planner, and lots of hard work for the past seven years have transformed that basement business into a half-a-million-dollar-a-year enterprise. Jodee, herself, is a first-place winner in the Successful Young Entrepreneurs' Club competition sponsored by the International Council for Small Business.

Before you begin thinking about managing and operating your own business, however, you should take time to reflect on your own personality to see if you have "the right stuff" to become a successful entrepreneur. Do you have the motivation, for example, to be your own boss in a business that requires long hours of work? Do you have the basic skills in reading, writing, and arithmetic to gain an understanding of the free enterprise system?

The information and activities in Chapter One will help you discover your potential for becoming an entrepreneur.


CAN YOU BE AN ENTREPRENEUR?



Learning Experience I

DO YOU HAVE THE "RIGHT STUFF" TO BECOME AN ENTREPRENEUR?

Getting to Know YOU

The first step in finding out if you have the right stuff to become an entrepreneur is getting to know yourself. You must understand your abilities and your limitations. You have to know your strengths so you can build on them and your weaknesses so you can improve them.

* *

To find out if you have the right stuff to become an entrepreneur, take the following test. There are no right or wrong answers, but be sure to be honest as you appraise yourself. After you have answered the questions, ask a friend, a member of your family, or your teacher to answer the same questions with YOU in mind.

DIRECTIONS: Put a checkmark in the box under "YES" or "NO" beside the statement that best describes you.

Your Answers			Your Friend's Answers	
Yes	No		Yes	No
☐	☐	I can take criticism.	☐	☐
☐	☐	I am organized.	☐	☐
☐	☐	I get along well with people my own age.	☐	☐
☐	☐	I get along well with adults.	☐	☐
☐	☐	I have confidence in myself.	☐	☐
☐	☐	I like to be independent.	☐	☐
☐	☐	I will work hard for something I want even though it takes a long time.	☐	☐
☐	☐	I like to plan things before I do them.	☐	☐
☐	☐	I will read books and get help from other people when trying to solve a problem.	☐	☐
☐	☐	I can make good decisions quickly.	☐	☐
☐	☐	I can easily adjust to changes in my life.	☐	☐
☐	☐	I can meet a deadline when I have to.	☐	☐

SELF - CHECK FOR . . .

LEARNING EXPERIENCE I

DO YOU HAVE THE "RIGHT STUFF" TO BECOME AN ENTREPRENEUR?

As you have probably guessed by now, the more "YES" answers you have, the more likely you are to be successful as an entrepreneur.

Having two or three "NO" answers doesn't mean you can never hope to manage a business of your own, but it could be a sign of trouble. Why? Let's look at some reasons.

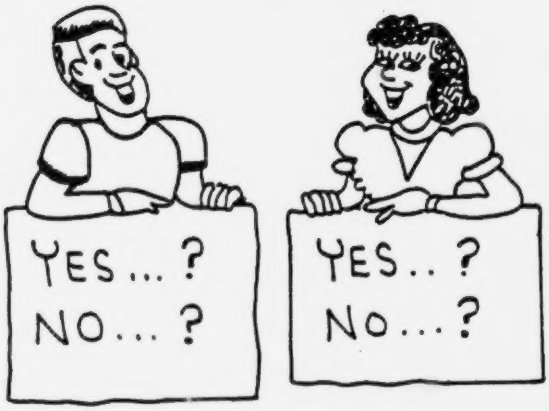
A person who can't take criticism, for example, may get angry or "hurt" the first time a customer says no to a sales pitch or slams the door in his or her face. A person who can't adjust to change easily will probably not be able to withstand the stress of operating a business when it is common to have different problems each day of the week. Indeed, the ability to change easily is the foundation of the success of a business because the desires and needs of customers change frequently.

How many "YES" answers did you have?

"YES" answers: ____________

How many "NO" answers did you have?

"NO" answers: ____________


YES...?
NO...?
YES..?
NO...?

How does your own score compare with your friend's rating of you?

Did you have more "YES" answers than your friend gave to you?

If there is a disagreement between you and your friend, it could be that you have not been honest with yourself. Or, maybe you have never let other people see the "real" you.

Talk to your friend and discuss the reasons why YOUR answers were different from your FRIEND'S answers.

NOTES

Learning Experience II

WHAT ARE YOUR PERSONAL RESOURCES?

The most important factor in your future success as an entrepreneur is your personal resources. Personal resources are the SKILLS, KNOWLEDGE, AND ATTITUDES that you have gained from all the experiences you have had in life--in school, at home, at work in part-time jobs, or in the hobby and sports activities in which you have participated.

PERSONAL RESOURCES

* *

SURVEY OF YOUR PERSONAL RESOURCES

DIRECTIONS: Answer each statement in the survey by checking the response that best describes your personal resources.
REMEMBER: Be honest with yourself!

1. MOTIVATION

/ / a. I am a self-starter. I do things on my own without being pushed, coached, or supervised.
/ / b. I can keep going once I get started, but I need someone to give me a shove.
/ / c. I don't put myself out for anybody unless I really have to.

2. ORGANIZATION

/ / a. I like to make a plan before I begin a task. This way, I can follow through without problems.
/ / b. I usually do OK if I don't plan a task. If things get messed up, I go back and start all over again.
/ / c. I find that my best plans don't work, so why bother? I take things as they come and "go with the flow."

3. RESPONSIBILITY

/ / a. I love to be in charge of things! When I take charge, I follow through and get things done.
/ / b. I'd rather let someone else be the leader. I don't like to be blamed if something goes wrong.
/ / c. I'm not quite sure of myself when the burden rests on my shoulders.

4. DECISION MAKING

☐ a. I can make up my mind quickly. I'm usually right, too!
☐ b. I need plenty of time to think things out. If I decide in haste, I often feel I made an error.
☐ c. I HATE decisions. They don't turn out right anyway.

5. WORK HABITS

☐ a. As long as I see a purpose in my work, I can work forever!
☐ b. I can work hard for a while but won't overdo it.
☐ c. There's no way I will work hard! Where does it get you?

6. PERSEVERANCE (STICKING TO IT)

☐ a. When I make up my mind, nothing can stop me!
☐ b. I stick to something I start, but if I mess up, I quit.
☐ c. If I am successful with something right away, I'll stick with it; if not, I quit.

7. HEALTH

☐ a. I'm in excellent health. I never get tired.
☐ b. I can work for an average eight-hour day--no more.
☐ c. I seem to tire out before everyone else.

8. TRUST

☐ a. I speak the truth all the time. I won't say something if I can't honor my word.
☐ b. I usually speak the truth, but sometimes a white lie is necessary.
☐ c. If the other person doesn't know the difference, why try to tell the truth all the time?

9. SUPERVISION

☐ a. People see me as a leader, and they go along with what I say.
☐ b. If my boss gives me instructions, I can order others around.
☐ c. I let the boss start the ball rolling, then I go along.

10. PEOPLE

☐ a. I like people; they like me. I can get along with everybody.
☐ b. I choose my friends carefully. I don't need too many, though.
☐ c. People get on my nerves most of the time.

11. COMPETENCE

/ / a. I am good at what I try to do, whatever it is.
/ / b. I can be good at what I do if I think it's important.
/ / c. I am as good as I have to be to get by.

12. DETERMINATION

/ / a. If I make up my mind to do something, NO ONE can stop me!
/ / b. When I make up my mind to do something, I'll do it if things go well.
/ / c. When I make up my mind to do something, I may or may not finish it.

13. FINANCES

/ / a. If I need money to do something I find interesting, I'll work at ANYTHING to earn it.
/ / b. I depend on my savings when I want to buy something.
/ / c. I never have money very long; I spend it as soon as I get it.

14. EXPERIENCE

/ / a. I have experience in doing many different things.
/ / b. I don't have much experience in any one thing.
/ / c. I don't have much experience in doing anything.

15. DEADLINES

/ / a. I will do anything to meet a deadline! I'll work twenty-four hours straight if I have to.
/ / b. I try to meet deadlines when they don't conflict with other things that are important in my life.
/ / c. Deadlines don't mean much to me. Nothing is so important that it can't wait another day or two.

16. SELF-DISCIPLINE

/ / a. When I start a job, I don't let myself get sidetracked by anything, no matter how boring the job is.
/ / b. When I start a job, I will work at it for a while but will stop if the job gets too boring.
/ / c. Life is too short to spend on any job that is too difficult or too boring. I'd rather spend my time doing something else.

SELF-CHECK FOR . . .

LEARNING EXPERIENCE II

WHAT ARE YOUR-PERSONAL RESOURCES?

What did you find in your inventory of personal resources? Add up your "A" answers, your "B" answers, and your "C" answers.

How many "A" answers did you have?

A: ____________

How many "B" answers did you have?

B: ____________

How many "C" answers did you have?

C: ____________

If most of your answers were in the "A" category, your inventory of personal resources is excellent for a future as an entrepreneur. If you answered "B" to most statements, you would probably have trouble coping with the demands of owning your own business.

If you answered "C" to most statements, you will need help in developing your personal resources before you can be a successful business operator. On the other hand, it you feel that this kind of personal development is a waste of your time, entrepreneurship is not in your future.

You may use the following scale to help you find your potential as an entrepreneur.

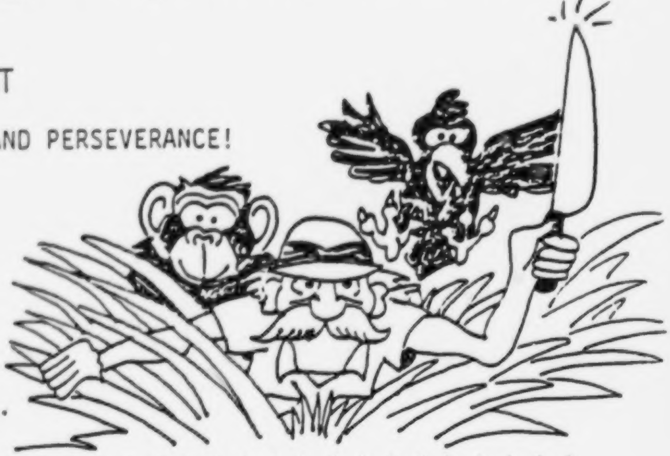
"A" Answers	Predicted Future Success
12 - 14	Excellent
9 - 11	Good
6 - 8	Fair
3 - 5	Poor
0 - 3	None

NOTES

Learning Experience III

SCAVENGER HUNT

TEST YOUR DETERMINATION AND PERSEVERANCE!



DIRECTIONS: See if you can find information about the famous entrepreneurs listed below. You will find answers in your school's library--in encyclopedias and in biographies of these famous people.

* *

THOMAS EDISON

1. Date of birth:
2. Place of birth:
3. First successful business:

Name three of Edison's inventions.

4. Invention 1:
5. Invention 2:
6. Invention 3:
7. Date of death:

* *

HENRY FORD

1. Date of birth:
2. Place of birth:
3. First successful business:
4. Best known for:
5. Date of death:

* *

ELI WHITNEY

1. Date of birth:
2. Place of birth:
3. First successful business:
4. Date of death:

* *

TEST YOUR DETERMINATION AND PERSEVERANCE (page 2)

* *

FANNIE FARMER

1. For what product is Fannie Farmer best known?
2. Why was she called "the mother of level measurement"?
3. What personal handicap caused Ms. Farmer to become interested in her career?
4. What school did Fannie Farmer eventually become director of?

* *

LEVI STRAUSS

1. For what product is Levi Strauss famous?
2. Where was this entrepreneur born?
3. From what material were Strauss's first products made?
4. For whom were Strauss's products first made?

* *

EDWIN LAND

1. Place of birth:
2. First successful business:
3. Best known for invention of the:

* *

AMEDEO OBICI

1. For what product was Obici famous?
2. Where was Obici's first business located?
3. What famous showman helped Obici's product become famous by selling it at circus performances?
4. What is the famous symbol of Obici's product?

* *

MARGARET RUDKIN

1. Why did Margaret Rudkin become an entrepreneur?
2. For what product is she famous?
3. How did she successfully promote her product once she had developed it?
4. What is the name of Mrs. Rudkin's company?

* *

TEST YOUR DETERMINATION
AND PERSEVERANCE (page 3)

* *

FRED WARING

1. For what invention is Fred Waring famous?
2. What led Mr. Waring to develop his invention?
3. Why didn't Mr. Waring's product sell well at first?
4. Fred Waring was famous in another profession. What was it?

* *

TOM CHIPPENDALE

1. This entrepreneur was not an American but a native of what country?
2. Which vocational area made Tom famous?
3. Tom is known all over the world for designs in:

* *

VERA NEUMANN

1. For what artistic creations is Ms. Neumann famous today?
2. Where was she born?
3. What insect is the "Vera" logo?
4. What is the process called by which Ms. Neumann's designs are made?

* *

TEST YOUR DETERMINATION AND PERSEVERANCE (page 4)

* *

RAY KROC

1. What business venture made this man a multimillionaire?
2. Who is Ray's most famous salesperson?

* *

OLIVER WINCHESTER

1. This man's first successful business venture was not the production of the rifle that bears his name. What was it?
2. Where was this entrepreneur born?

* *

SELF - CHECK FOR . . .

LEARNING EXPERIENCE III

TEST YOUR DETERMINATION AND PERSEVERANCE

CHECK YOUR ANSWERS WITH THOSE IN YOUR TEACHER'S WORKBOOK.

NOTES

CHAPTER 2

Generating an Idea for a Business Venture

OBJECTIVES

CHAPTER TWO

GENERATING AN IDEA FOR A BUSINESS VENTURE

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- DEVELOP A LIST OF YOUR SKILLS, INTERESTS AND ABILITIES; PRIORITIES, VALUES AND ACCOMPLISHMENTS.
- DEVELOP SEVERAL IDEAS FOR STARTING A BUSINESS.

INTRODUCTION

In Chapter One you learned that you have the personal resources and the "right stuff" to operate a business of your own. Now you must decide what kind of business to start. Perhaps you already have an idea of what you want to do. Your idea may have come from vocational training or from a hobby. Starting a business is easy once you know what you want to do.

If, however, you have the desire and the right stuff to be a business owner but lack an IDEA, you will need to spend some time finding the RIGHT idea for YOU! Finding the right idea is CRITICAL to the success of your business. The learning experiences in Chapter Two are designed to help you develop the right idea for your business. Nobody can tell you the best idea for a business venture. Only YOU can be the judge of that.

The homework you do in Chapter Two will save you from wasting valuable time and money on a business that may not be suited to you.

IDEA
BUSINESS IDEAS

Learning Experience I

DEVELOPING AN IDEA FOR YOUR BUSINESS

Developing the "right idea for your business is the most important element in the future success of your enterprise. The right idea gives you an advantage over other business operators. It sets you apart from others and offers the buying public something new, something different, or something better than other business owners who compete with you.

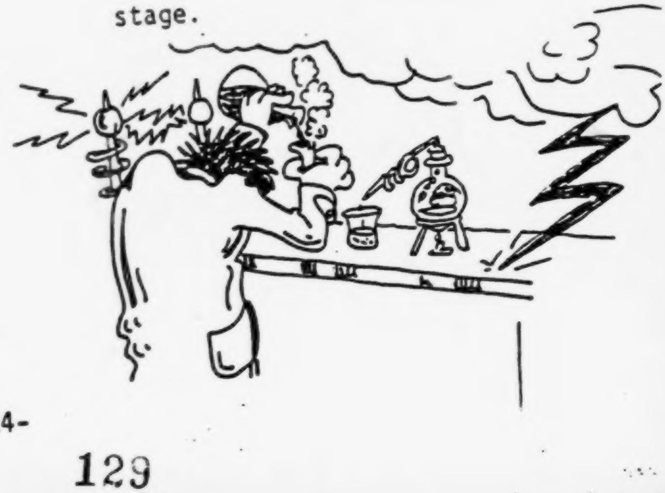
The "right" idea if born out of two things: NEED and OPPORTUNITY. The need for your product or service may have existed for a long time. Maybe someone is trying to fill the need but is not doing a very good job of it. In either case, the NEED must be there if your business is going to succeed. The WAY you are able to fill that need becomes the foundation for a good IDEA.

The business you start doesn't have to be completely new. It can simply be a better or different way of doing old things.

BRAINSTORMING

Developing an idea for your business can be a "fun" activity because as a young beginner you are not held back by tradition and old-fashioned ways of doing things. One way to come up with ideas for your business is by using a process called "brainstorming." Brainstorming can be done alone or with a friend. It can take place during a study hall, after school, or while you daydream during your free time. Either way, brainstorming allows your creative energy free reign over many possible ideas for your business.

As you brainstorm, try to think your ideas through. Generate a lot of possibilities, then discard the ones that won't stand up under the "thinking-through" stage.



DEVELOPING IDEAS FOR YOUR BUSINESS

DIRECTIONS: Use the knowledge you gained about yourself from the activities in Chapter One as you BRAINSTORM ideas for your business. Follow these steps:

STEP ONE: Ask a friend to help you think of business ideas that may be successful in or near your hometown. With paper and pencil, make a list of ALL the things you would like to do if you could start a business of your own.

STEP TWO: Get five sheets of paper from your notebook or tablet. At the top of these pages, write the headings shown below.

My Interests	My Skills and Abilities	My Accomplishments
1.	1.	1.
2.	2.	2.
3.	3.	3.

My Priorities	My Values
1.	1.
2.	2.
3.	3.

STEP THREE: List Your Interests.

Your interests are your likes--your preference for some things over others. Begin with big categories. Example: Do you like to work outdoors? Do you like mechanical things? Do you like to work with people? . . . with children? Think back over the activities you have done at home and in school. These activities could include sports, part-time jobs, music, and so forth.

STEP FOUR: List Your Skills and Abilities.

Your skills and abilities are your special talents. They include such things as artistic abilities, athletic skills, mechanical or numerical aptitude, leadership abilities, and so on.

STEP FIVE: List Your Accomplishments.

Accomplishments are more than awards or honors which you may have won. They may also be such things as work with boy scouts or girl scouts, raising funds for charity, learning to work with patients at the hospital, or selling tickets or memberships for a local civic group. Once you have begun to list your accomplishments, key words like "planned," "managed," "organized," and "persuaded" may appear.

STEP SIX: List Your Priorities.

What are priorities? They are the important people, places, and events that you deal with every day. When you start your own business, you will soon find out that it takes all your time. Are you willing to make your business the FIRST priority in your life? The purpose of listing your priorities is to find out if you can manage a business and still do all the other things that are important to you. You will find out that some of your former priorities must be given up or be placed below the priority of operating your business. Are you willing to do this?

STEP SEVEN: List Your Values.

Your values explain WHY you want to manage your own business. What do you expect to gain from the effort . . . money? . . . more challenges? . . . a chance to be more creative with your hours at work? . . . an opportunity to achieve greater things? . . . a chance to be recognized by family and friends?

SELF-CHECK FOR . . .

LEARNING EXPERIENCE 1

PUTTING THE PIECES TOGETHER

Once you have completed your lists, try to organize the information to see if a pattern takes shape that reveals the business that suits you. You may want to see how a pattern can emerge by reading about Bill Wilkins in the following example. The example explains how Bill used the same kind of information about himself to develop an idea that grew into a full-time enterprise called "Wilkins' Design Consultants."

EXAMPLE

Bill Wilkins graduated from the Tyler County Area Vocational Technical School in rural Wellington, Ohio. His grades in high school were about average, but the work he did in the cabinetmaking program at the vo-tech was outstanding. He loved to work with wood and draw designs of house plans.

Bill first got the idea to go into business for himself from a conversation he had with his father, an employee of the Allen/Rogers Corporation, who operated a machine on the furniture production line. Mr. Wilkins suggested that Bill try to use his education to become self-employed by starting a home-remodeling service for people who lived in or near the Wilkins' hometown. Bill wanted his dad to be proud of him, and he also liked the idea of being his own boss. However, one aspect of operating a remodeling service that Bill found unappealing was the responsibility of doing woodwork on site in the homes of complete strangers. What would happen if a customer was not happy with Bill's work after he had spent weeks on the job? Bill decided to put the home-remodeling business idea on hold while he explored other possibilities in an attempt to find out what business best suited his personality and goals.

Bill started by making several lists. On the list titled "Interests," Bill wrote: (1) working with people, (2) working in a clean place indoors, (3) home planning and design, (4) working with drawing tools, (5) doing things related to woodwork, and (6) traveling to see new places.

On the list titled "Skills and Abilities," Bill listed all the skills he had learned in his vocational drawing and cabinetmaking courses. He also included his talent for drawing house plans and furniture designs. Under "Accomplishments," Bill listed his two summers spent working with the Tyler County Grange, where he helped to coordinate the home crafts exhibit for the 1985 and 1986 state farm shows. Next, Bill enumerated the priorities in his life. He felt that his desire to be a business owner should be listed first because that was to be his future career. After that came his commitment to his family, followed by learning more about computer-assisted design, hunting and fishing, free time for recreation, and seasonal work at the Grange.

The last list that Bill prepared defined his values. He asked himself why he wanted to start his own business. Included on the list were (1) money, (2) freedom from a boss, (3) flexibility of working hours, (4) being creative, (5) changing work tasks frequently, and (6) respect from family and friends.

BILL DRAWS SOME CONCLUSIONS

Bill reviewed his lists and discovered some surprises about himself and the plans he would have to make before starting his own business venture. First, he realized that he wanted to work in the design phase of a business related to carpentry and cabinetmaking, rather than in the actual production of the woodwork. At the same time, however, he realized that he needed more education in architecture and design and additional training in the use of computer-assisted drafting equipment.

Second, Bill realized that he would need two more years of school if he was going to compete with other designers in this kind of enterprise. The local community college offered programs in computer drafting, and, if Bill enrolled, his business plans would have to wait for two more years while he received training.

Because Bill placed a high value on money and learning more about computers, he decided to continue with the education that would ultimately give him better moneymaking skills with computer drawing tools. To Bill, the money was worth the wait.

Bill finally achieved his goal of a design business. He began small--in the basement of his parents' home--and soon earned enough to rent a larger building near town.

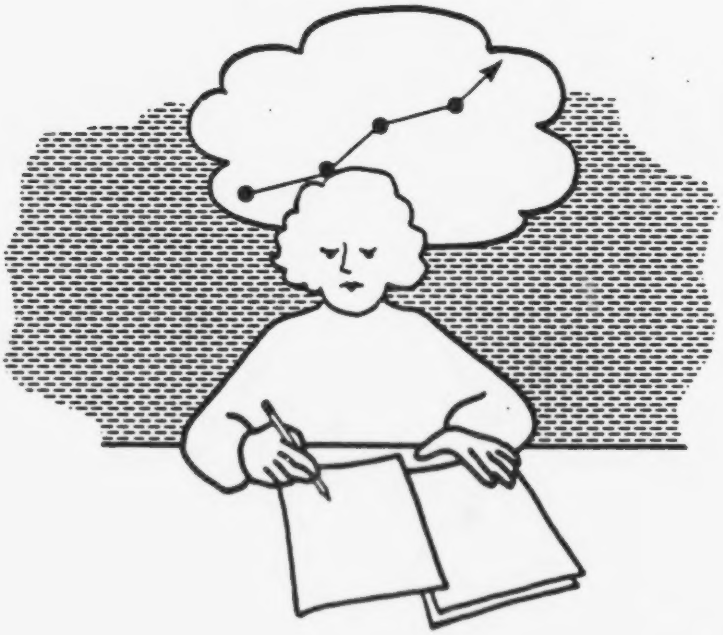
Bill took time to plan for his future business, and it really paid off for him.

WILKINS
DESIGN
CONSULTANTS, INC.

NOTES

CHAPTER 3

Planning Your Business



OBJECTIVES

CHAPTER THREE
PLANNING YOUR BUSINESS

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- DESCRIBE YOUR BUSINESS VENTURE.
- PERFORM MARKET RESEARCH.
- ESTABLISH SHORT-RANGE BUSINESS GOALS.
- ESTABLISH LONG-RANGE BUSINESS GOALS.
- LIST ALL JOBS YOU MUST PERFORM AS A BUSINESS OWNER.
- PREPARE A LIST OF EXPENSES YOUR BUSINESS WILL GENERATE.
- PLAN FOR EFFECTIVE USE OF YOUR TIME.

INTRODUCTION

Chapter Two provided you with an opportunity to learn about your values and your motivation for starting your own business. You have also had a chance to develop several ideas; perhaps you have even targeted the one business venture that suits you best! If so, you have made real progress, and you can be proud of your hard work and determination. Before you open shop, however, you must do some more investigating to find out if that one idea that suits you can be turned into a business that will make a profit. Will you be able to earn a living from the business or will it become only an expensive hobby? Will there be a market for your service or product? How will you manage and operate your enterprise? You can find answers to these questions by making a BUSINESS PLAN.

BUSINESS PLAN

WRITING THE BUSINESS PLAN

A business plan is a step-by-step procedure that outlines what you want to do in your business. It targets your buying public, outlines your management strategy, and helps you plan goals while it forces you to think through all the details necessary for the operation of your enterprise. A well-written business plan will prevent you from making expensive mistakes, because a plan on paper can easily be changed if you see you've made an error in judgment. An entrepreneur's business plan can be compared to a house builder's blueprint. The builder draws a plan before he digs any foundations or cuts any boards. Without the plan, the builder has no way of knowing where to place the foundation, how many rooms to build, the number of windows to frame, or the kinds of building materials to choose. His house plan provides all this information. Your business plan, like the builder's house plan, will guide you through the procedures you must follow to build a strong business that has all the pieces it needs to run smoothly and make a profit for you, the entrepreneur.

BUSINESS
STEP1.
STEP2.
PLANNING

Learning Experience I

WRITING A BUSINESS PLAN: YOUR FIRST STEP INTO ENTREPRENEURSHIP

As a student you have taken many tests. To earn a good grade, you had to study hard in order to prepare yourself to answer the questions.

Writing a business plan is a lot like studying for a test in school. You must prepare yourself so that you will know the answers to many questions. In business, you will not get written tests from a teacher, of course, but you will be asked questions by many people who want or need to know about your business venture. If, for example, you borrow money from a bank to start your enterprise, the banker will ask you certain questions. If you must rent property or space in which to house your business, landlords will ask you questions. When you advertise your product or service, newspapers, radio, or television advertising specialists will ask you questions. Your customers will ask you questions. People who sell you supplies and materials will ask you questions. Employees will ask questions. YOU will also have questions! Even though your business is new and the first of its kind in your town, you will still have questions about its future success or failure!

You can begin to see, therefore, that educating yourself and preparing to answer many questions for the operation of your business may very well be more difficult than preparing to pass any test you have taken in school. It will be a time-consuming job, but, like studying for tests in school, you can't hope to be successful unless you do your homework! Once you put the business plan down on paper, the hardest work is done, because starting your enterprise is simply a matter of following your own directions.

LEARNING EXPERIENCE I (CONT'D.)

WHAT IS YOUR BUSINESS VENTURE?

DIRECTIONS: The first step in writing your business plan requires you to ask yourself, "What is my business?" Describe your business by finding answers to the following questions.

1. What business do I want to start? (Be specific!) ________________

____

2. My business will be unique because ______________________________

____

3. My business will be better than my competitors' businesses because

____

4. My customers will need my business because ______________________

____

5. My business will do the following things for my customers: ________

____

6. The advantage(s) that my product or service has over other businesses like mine is (are) ____

____

____

7. My business will be successful because of the following trends: ____

____

____

8. The need for my business will grow because ______________________

____

9. The names of my competitors are ________________________________

____

____

10. The telephone number of my Chamber of Commerce is ________________

SELF-CHECK FOR . . .
LEARNING EXPERIENCE I
WHAT IS YOUR BUSINESS VENTURE?

What was your rate of success in finding answers to the ten questions? (Check one)

☐ good

☐ fair

☐ poor

If you could not find answers to all ten questions, KEEP LOOKING! One good source for answers to the questions is your local public or school library. The librarian can help you find books that contain information about the people and businesses in or near your town. One book that provides this information is The Occupational Outlook Handbook, published each year by the U. S. Department of Labor's Bureau of Labor Statistics.

The Chamber of Commerce, local trade organizations, or national manufacturers also have this information. You may want to ask your vocational teacher to help you locate trade organizations and manufacturers.

Another source of information is the Small Business Development Center, located at Clarion University of Pennsylvania, School of Business Administration, Clarion, PA, 16214, (814) 226-2600. The director of the center is Dr. Woodrow Yeaney.

NOTES

Learning Experience II

RESEARCHING THE MARKET

The second step in writing your business plan is finding out if there is a buying public for the product or service you want to sell. You can discover this by doing MARKET RESEARCH. Simply stated, market research (1) identifies, (2) describes, and (3) categorizes the current and future market for your business. The research covers many items that may include customers, your competition, your product or service, and outside forces such as the economy in the geographic area of your state, which might determine the success or failure of your enterprise. Too many entrepreneurs make the mistake of trying to sell something THEY like, rather than a product that customers are willing to BUY. These entrepreneurs soon experience failure because they did not take the time to do some basic research on the market for their product. To avoid making a similar mistake, therefore, you must do the following:

1. Find out IF there is a market for your product.
2. Decide HOW you will CONNECT your business venture to the market.
3. Decide HOW you will ADVERTISE your product or service to that market.
4. Identify a PLACE from which to SELL your product or service.

When you look for answers to these questions and others like them, you are doing market research.

LEARNING EXPERIENCE II (CONT'D.)

DIRECTIONS: Find answers to the following twenty MARKET RESEARCH questions for your business idea.

MARKET RESEARCH SURVEY QUESTIONS

1. What am I trying to sell? (Be specific!) ______________________________

____

2. Why do I think my idea will sell? ______________________________

____

3. Is my product/service something people NEED or is it something they WANT? ______________________________

4. If my product is something people do not need, they will buy it anyway because it . . . (Check all the following that apply.)

☐ can be used as a gift
☐ saves time
☐ beautifies home
☐ provides leisure-time activity
☐ saves money
☐ enriches life
☐ is a business convenience
☐ saves trouble
☐ has sentimental appeal

5. My ideal customer is . . . (Check all the following that apply.)

☐ male
☐ middle-aged
☐ white-collar
☐ professional
☐ female
☐ older than middle-aged
☐ blue-collar
☐ home business operator
☐ young
☐ senior citizen
☐ technician
☐ homemaker

6. My customers live and work in . . . (Check all the following that apply.)

☐ my community ☐ my county ☐ my state ☐ nationwide

7. I will connect with my customers through . . . (Check all the following that apply.)

☐ mailing lists
☐ periodicals
☐ special trade shows
☐ radio advertising
☐ newspapers
☐ television ads

LEARNING EXPERIENCE II (CONT'D.)

8. Some established networks of communication I will use to connect with my customers are ______________________________

____

9. The names of my local competitors are ____________________

____

10. My product or service is also available to customers from . . . (Check all the following that apply.)

☐ retail stores
☐ wholesale stores
☐ mail-order catalogs

11. My competitors advertise their products/services by using _____

____

____

12. My product/service will compare with those of my competitors in the following way(s) . . . (Check all the following that apply.)

☐ better
☐ newer
☐ different
☐ higher quality
☐ longer life
☐ more speed/efficiency

13. There may be no competition for my product or service. If not, why not?

☐ no one has thought of it.

☐ the need for the product/service is being satisfied in another way.

☐ the product/service is not profitable in my area.

14. Is there a strong demand for my product or service? ☐ YES ☐ NO (Check one) Explain why. ______________________________

____

____

____

LEARNING EXPERIENCE II (CONT'D.)

15. The demand for my product/service will: // INCREASE // DECREASE (Check one) Explain why. ______________________________

____

____

16. The demand for my product/service is related to the economy. // YES // NO (Check one) Explain why. ______________________

____

17. The demand for my product/service is a fad. // YES // NO (Check one) Explain why. ______________________________

____

18. The demand for my product or service will grow . . . (Check one)

/ / slowly / / quickly / / not at all

19. My product is closely tied to another product or service for which the market could grow or fail quickly. // YES // NO (Check one)

20. The success of my business venture depends MORE on a BARGAIN PRICE than on the QUALITY of my product or service. // YES // NO (Check one)

If your answer was YES and you plan to sell a product, explain how you plan to buy raw materials at a cut-rate price. ______________

____

____

If your answer was YES and you plan to offer a service, explain how you plan to work for less money than your competitors receive for doing the same work. ______________________________________

____

____

SELF-CHECK FOR . . .
LEARNING EXPERIENCE II

IS THERE A MARKET FOR YOUR BUSINESS?

What were the results of your market research? Compare your answers to the following to see if your business has a chance to succeed.

MARKET RESEARCH SURVEY

1. What are you trying to sell? If you could not explain your product or service in less than fifty words, you will have a difficult time advertising it.

2. Try to convince a friend that he or she needs your product or service. Were you successful? Did you "sell" your friend on your product or service?

3. If your business provides people with something they NEED rather than something they WANT, statistics show you will have a greater chance for success.

4. Count your checkmarks. How many do you have" # _____ If you have less than three, you may be planning a business that has a very limited market. You may never be able to earn a living from your idea.

5. Count your checkmarks. How many do you have? # _____ The more checkmarks you have, the bigger the market for your product or service.

6. Who are your customers? Where do they live? . . . your community? If so, how many people are in your community? # _____ How many of these people are potential customers for your business?

7. How will you connect with your customers? Does your budget allow for radio and television advertising at the beginning of your enterprise?

8. If there are not established networks of communication, you may be in trouble!

9. How many competitors are in your local area? If there are more than three in the telephone book, you may not get a very big share of the total market in a small community unless you have a unique product or service.

10. Do you have competition from retailers and wholesalers in your town? These "giants" can always undersell you because they buy in huge quantities! What will you do to make customers purchase products or services from you and NOT the giants? (Can you offer product servicing and repair, for example?)

11. Do your competitors reach a larger customer market with radio and television advertisements? Can you compete with them if all you can afford is advertising in the local newspaper?

12. Count your checkmarks. How many do you have? # _____ Checking two or more indicates potential success!

13. Why don't you have any competition? If you checked number 1, you may very well be on the road to success. If you checked numbers 2 or 3, you should STOP and consider a different business idea. Go back to the brainstorming stage!

14. Strong demand means a strong market!

15. If your product or service depends on a strong economy, a future economic recession may close your business. During times of recession, people will purchase only the things they NEED, not things they WANT! Will people still need your product if the economy slows?

16. If the future demand for your product will most likely DECLINE, STOP and go back to the brainstorming stage. You need a better business idea!

17. If your product or service is just a fad, decide if you can make a lot of profit quickly--before the fad dies. If you don't think you can do this, you should STOP and go back to brainstorming a new idea!

18. A market that grows "not at all" will stop your business as soon as you run out of money. Better think of another idea.

19. If your product or service is tied closely to another product, you must research THAT product as well as your own! If the other product's sales are growing steadily, you will probably experience success with your product as well.

20. If you think you can undersell all the competition because you are willing to work for less, STOP! Many businesses fail because of this kind of thinking. If you base your future success on the availability of cheap materials, you are in trouble. A rise in the cost of materials will put you out of business as soon as you run out of money!

* *

How do your answers compare? Has your business idea "held up" under the test of market research? If so, congratulations! On the other hand, if your market research indicates that you must return to brainstorming, congratulations are also due you. You have effectively prevented costly errors and possible failure in a business that had no future. Good luck with the brainstorming process as you develop a new business idea!

NOTES

Learning Experience III

ESTABLISHING SHORT-AND LONG-RANGE GOALS

You will need to establish short-and long-range goals when writing your business plan because goals are aimed at getting results. A long-range goal for your business might be, "Owning and operating a small-engine repair shop." Do you remember Bill Wilkins, the cabinetmaker? His long-range goal was to manage his own drafting/design service.

A short-range goal, on the other hand, is one you must accomplish NOW or in the NEAR FUTURE. A list of short-range goals adds up to help you reach long-range goals. Short-range goals may include learning about state licensing requirements, checking local zoning laws to find out if there are any restrictions to establishing your business near a residential area of your city, and enrolling in a training program to better prepare yourself for managing your enterprise. One of Bill Wilkins' short-range goals was to complete two more years of school at his community college to enable him to operate the computer-assisted drafting equipment required in his business.

LEARNING EXPERIENCE III (CONT'D.)

DIRECTIONS: Make a list of the short-range goals you want to achieve as you start your business. Refer to a calendar as you think of these goals and try to set a target date for reaching each one.

SHORT-RANGE GOALS	TARGET DATES FOR REACHING SHORT-RANGE GOALS
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
13.	13.
14.	14.
15.	15.

DIRECTIONS: Make a list of your long-range goals. Set target dates for each one.

LONG-RANGE GOALS	TARGET DATES FOR REACHING LONG-RANGE GOALS
1.	1.
2.	2.
3.	3.

SELF - CHECK FOR . . .

LEARNING EXPERIENCE III

WHAT ARE THE SHORT-AND LONG-RANGE GOALS FOR YOUR BUSINESS?

Compare your short-and long-range goals with those of Betsy Meyers in the example below.

EXAMPLE: Betsy Meyers has decided to open a day-care center for children of working mothers and fathers in her town. Her market research has indicated that there is a real need for this kind of service in her community. Betsy was pleased to see that the results of her research homework gave her a "green light" for the next phase of her business plan. Therefore, she developed a list of the short-and long-range goals she wanted to achieve in the start-up and operation of her day-care center. Compare your short-and long-range goals with Betsy's. Have you forgotten to include any important goals? If you have, add them to your list.

BUSINESS: Meyers' "Pumpkin Patch" Day-care Center

LONG-RANGE GOALS	TARGET DATES
1. To manage and operate a day-care center in Kent, Pennsylvania which serves fifteen pre-school children.	October, 1988
2. To employ a day-care center staff comprised of two full-time assistants and three student helpers.	October, 1988
3. To expand the day-care facility from a fifteen-to a twenty-five-child capacity.	September, 1989

NOTES

Learning Experience IV

ENTREPRENEURS AND THE FORTY-HOUR WORK WEEK

Most employees who are hired by manufacturing or service industries work an average of forty hours a week, with the weekends free to spend on leisure-time activities. As an entrepreneur, you will not have the same luxuries. Many businessmen and women who start, manage, and operate their own enterprises will spend between sixty and eighty hours a week, including Saturdays and Sundays, doing some kind of work that is related to their business. You may wonder why your business will require so much of your time and energy. The answer lies in the number of "hats" you must wear to keep all the pieces of the business running smoothly. Once you start your own enterprise, you will probably do all the work by yourself. Here is a list of all the different "hats" an entrepreneur must wear during the usual seven-day, eighty-hour work week. Read the list of job descriptions and place a checkmark beside each of those that you think YOU must perform to start, manage, and operate the enterprise you have chosen. THEN, beside each description, check "A" if you think you HAVE THE SKILLS needed to handle the job, or "B" if you think you will NEED MORE TRAINING before you can handle the job as it is described.

LEARNING EXPERIENCE IV (CONT'D.)

DIRECTIONS: Place a checkmark beside each of the job descriptions below if you think you will be required to wear that "hat." Then, beside each description, check "A" if you think you have the skills needed to do the job, or check "B" if you think you need more training before you can do the job as it is described.

JOB TITLE	JOB DESCRIPTION	MY BUSINESS REQUIRES THIS	"A" I HAVE THESE SKILLS	"B" I NEED MORE TRAINING
GENERAL MANAGER	Makes all business plans, takes risks, makes decisions	/ /	/ /	/ /
MARKETING MANAGER	Figures out who and where customers are and how to sell to them	/ /	/ /	/ /
ADVERTISING MANAGER	Decides the best way to publicize the product or service	/ /	/ /	/ /
COPYWRITER	Develops newspaper ads and brochures	/ /	/ /	/ /
GRAPHIC ARTIST	Works with media specialists at newspaper and printer	/ /	/ /	/ /
PRODUCTION MANAGER	Makes work schedules and sets quality-control standards	/ /	/ /	/ /
PRODUCTION WORKER	Completes work on schedule while maintaining quality	/ /	/ /	/ /
MAILING LIST SUPERVISOR	Sets up and maintains mailing files	/ /	/ /	/ /
BULK MAIL SUPERVISOR	Knows post-office regulations for third-class mail, prepares mailings, and fills out bulk mailing forms	/ /	/ /	/ /
ORDER CLERK	Processes orders and types shipping labels and order forms	/ /	/ /	/ /

JOB TITLE	JOB DESCRIPTION	MY BUSINESS REQUIRES THIS	"A" I HAVE THESE SKILLS	"B" I NEED MORE TRAINING
SHIPPING/ RECEIVING CLERK	Unwraps all incoming packages, including raw materials and office supplies, and packs outgoing orders; in charge of inventory	/ /	/ /	/ /
SECRETARY	Composes and types all business letters, answers customer complaints, and orders everything needed for the business	/ /	/ /	/ /
FILE CLERK	Files the mountain of paperwork and receipts generated by the operation of the business	/ /	/ /	/ /
BOOKKEEPER	Keeps inventory records, sets up the company's ledger, and posts figures to the ledger	/ /	/ /	/ /
ACCOUNTANT	Records the income of the business, pays bills, writes checks, balances the checkbook, fills out government forms for tax deposits and payments, prepares annual income tax	/ /	/ /	/ /

SELF-CHECK FOR . . .

LEARNING EXPERIENCE IV

ENTREPRENEURS AND THE FORTY-HOUR WORK WEEK

How many "hats" must you wear to start, manage, and operate your business?

Number of checkmarks _____

Did you find out that you need more education than you imagined to run your own small business? ☐ YES ☐ NO (Check one)

List those jobs in which you will need more training.

1. ______________________
2. ______________________
3. ______________________
4. ______________________
5. ______________________
6. ______________________
7. ______________________
8. ______________________

You may want to go back to your list of short-term goals and include training in one of the jobs written on your list above.

How has this learning experience changed your outlook on owning and operating your own business? Write a paragraph that explains your opinion about small-business ownership now that you (a) have done market research on your idea and (b) have found out how many different jobs you will be required to do. ______________________________________

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NOTES

Learning Experience V

PREPARING A BUDGET FORECAST FOR YOUR BUSINESS

This part of your business plan is very important because it forces you to plan on paper approximately how much your business venture is going to cost. You will need this information before you decide WHERE to get the cash to start the business and HOW MUCH cash you will need to start and operate the business for the first six months.

If you borrow money from your local bank, from a savings and loan association, or even from your "Uncle Joe," the lender will want to look at your budget forecast to see if your enterprise is going to make a profit. After all, part of that profit will be used to pay back (with interest) the money you borrowed from the lender.

Perhaps you are the independent type of entrepreneur who doesn't believe in borrowing money. You insist on "going it alone." If so, that is an admirable goal. However, you still must plan on developing a budget forecast for several important reasons, two of which are (a) to see if you can really earn a living from the business, and (b) to learn some of the "jargon" or language of business finance. Terms like "cash flow" and "financial projections" will soon become part of your daily vocabulary.

The average person has little, if any, idea of the costs involved in going into business. Most people tend to underestimate the total expense

LEARNING EXPERIENCE V (CONT'D.)

of starting and operating even the smallest enterprise. When this happens, they take the first step on the path to failure. The business begins, unexpected bills begin to pile up, and the profits from the business can't pay them. This will not happen to your business if you prepare an accurate budget forecast.

How well do you think you can prepare a budget forecast for the business you have chosen? Try it!

DIRECTIONS: On a sheet of paper, list all the expenses you can think of that will be involved in your business. If you aren't sure which expenses to include, start with the most obvious ones, then refer to the list below.

LIST OF BUSINESS EXPENSES

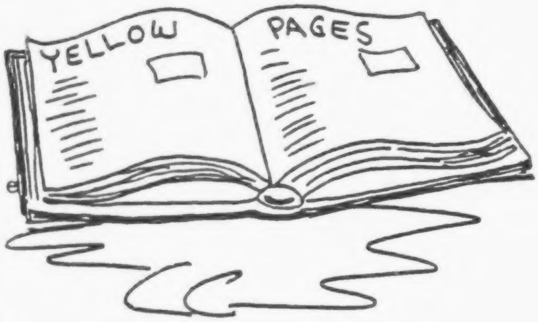
1. owner's salary
2. first and last month's rent
3. advertising
4. delivery expenses
5. janitorial expenses
6. trash removal
7. maintenance
8. telephone
9. gas or oil heat
10. water and sewage
11. insurance (fire, liability, theft)
12. sales tax
13. interest on loans
14. legal fees to attorneys
15. materials
16. supplies
17. printing of posters and business cards
18. paper bags or wrapping paper
19. office supplies
20. signpainting
21. protection devices (burglar alarms)
22. locks and keys
23. window dressing (decorations, mannequins)
24. promotional souvenirs
25. lighted signs
26. donations to charity
27. losses due to wear and tear, breakage, spoilage, obsolescence
28. depreciation of machinery
29. remodeling
30. equipment and installation
31. electric wiring
32. starting inventory of products and supplies
33. operation of cars and trucks
34. licenses
35. permits
36. expendable supplies
37. employee wages
38. business association dues
39. taxes

LEARNING EXPERIENCE V (CONT'D.)

Next, find out HOW MUCH money is required to cover the cost of each expense and for HOW LONG the expense will continue. Ask yourself if that expense will INCREASE or DECREASE over time. When figuring out how much money will be needed to cover the cost of each expense, make a chart like the one shown below.

EXPENSE	COST OF THE EXPENSE	AMOUNT OF INCREASE
owner's salary	$700 per month	none for first year
first and last month's rent	400 for two months	none for first year
advertising	50/month	none expected

Where will you find information on the costs for each of your expenses? One familiar place in which to start looking is the yellow pages of your telephone book. This section is filled with names, addresses, and phone numbers of professional business people who will be happy to give you all the information you will need on the cost of specific items on your list of expenses. Remember: You may be one of their customers someday in the near future, so they will be glad to help!



SELF-CHECK FOR . . .
LEARNING EXPERIENCE V
PREPARING A BUDGET FORECAST FOR YOUR BUSINESS

Were you able to develop a list of expenses for your business? How much luck did you have with your phone calls to suppliers in the yellow pages? Compare your list of expenses and the costs of each expense with those of George Hite in the example below.

George Hite graduated from Tuscarora Valley high school in 1985. After two more years of training in auto mechanics at the Dynatron School of Technology, he decided that he wanted to start an auto repair business in his hometown of Peterboro. George needed help in starting his business venture, so he enrolled in a community college night class called, "Managing the Small Business." As George developed his business plan, he began to prepare a budget forecast of all the expenses he would have to pay during the first six months of operation of his auto repair garage. Read George's list of expenses and the cost of each. How does his list compare with the list of expenses you will have for your small-business venture?

EXPENSE	COST OF THE EXPENSE	AMOUNT OF INCREASE
owner's salary	$230/month	none first year
first and last month's rent on garage	600	none first year
advertising	50/month	none
operation of truck to buy parts, etc.	100/month	$20/month
travel costs	50/month	20/month

EXPENSE	COST OF THE EXPENSE	AMOUNT OF INCREASE
janitorial costs	none	none
trash removal	$ 8/month	none first year
maintenance on garage	none (included in rent)	none
telephone	17/month	none first year
electricity	40/month	none
oil heat	100/month	$ 10/month
water & sewage	25/month	none first year
liability, fire insurance	none (included in rent)	none first year
sales tax	20/month on purchases out of state	none
interest on bank loan	100/month	none (fixed)
legal fees	none	500 in escrow
materials	100/month	20/month
supplies	120/month	25/month
business cards	none	none
paper bags, etc.	none	none
office supplies	25/month	none
signpainting	300	one-time expense
burglar alarm	875	one-time expense
locks and keys	none (supplied by owner)	none
window dressing	none	none
promotional souvenirs	250 for keychains	none
lighted sign	none (installed)	none
donations to charity	20/month	10/month
losses to wear & tear	25/month	10/month
depreciation on tools and equipment	60/month	none (fixed)
remodeling	none	none
installation of lift	1500	one-time expense
new electric service entrance	none (supplied by owner)	none
starting inventory of tune-up parts	2000	one-time expense
licenses/permits	50 (state insp.)	none first year
expendable supplies	25/month	10/month
employee wages	none	none
association dues	none	none
income tax	none first year, since business will show a loss on profit/loss statement	

TOTAL EXPENSES FOR FIRST MONTH	$ 6,690	TOTAL INCREASE FOR FIRST MONTH	$ 625
TOTAL EXPENSES FOR FOLLOWING FIVE MONTHS	7,075	TOTAL INCREASE FOR FOLLOWING FIVE MONTHS	625
TOTAL	$13,765	TOTAL	$1,250

George's budget forecast shows that he must have a total of $13,765 + $1,250, or $15,015 for his first six months of operation. How much money will your first six months of business operation cost you? Where will you get the money to start your business? Do you plan to borrow the funds? You will want to explore some ways to finance your business venture. Chapter Four will help

NOTES

Learning Experience VI

MAKING EFFECTIVE USE OF YOUR TIME

You now have the skills and talents that will enable you to succeed at the business you have chosen. So that you can use your skills effectively, however, you must also learn how to manage your time.

Time is one of the most valuable resources that you will have as an entrepreneur. But, unlike other resources, once time has been "spent," it cannot be replaced. Time cannot be borrowed, bought, or saved for use at a later date like money or property.

According to time management experts, lack of time is the major problem that faces small business owners. As an entrepreneur, you may find that you do not have enough time to do all the jobs required of you for the following reasons.

1. You spend all your time doing the agreeable jobs and avoiding the disagreeable ones.

As the owner of a small business, you will have a variety of tasks that you must perform. You already know that you will probably be wearing the "hats" of manager, producer, supervisor, bookkeeper, and even clerk. Even though you know that all of these jobs are important, some of them will be more important to you than others. Let's suppose, for example, that you enjoy working with customers the most. For several weeks you busy yourself with your customers and neglect your accounting. You can be sure that the stack of paperwork will keep getting higher, and, sooner or later, you will regret not "making" time to do your bookkeeping.

2. You "spread yourself too thin."

As an entrepreneur, you must face all of the problems of a manager without the help of a staff of employees. You may find that you are doing all the duties yourself. As a result of being overworked, you don't have enough time to do any of your jobs really well, and the quality of your goods or services is in danger of becoming inferior to that of your "big business" competitors.

3. You cannot get used to being your own boss.

As someone else's employee, you had a boss to make sure that you were spending your time on high-priority tasks. But now that the boss and the "pushing" are gone, you are finding it hard to "push" yourself because you don't have anyone to give you direction and reward your efforts.

4. You may be wasting too much of your time on activities that are unproductive.

There are two kinds of time wasters: internal, or those you can control, and external, which are those that you can't. As you might expect, internal time wasters are the easiest to get rid of because they are a result of your own actions. Once you change your behavior, the time waster disappears. External time wasters are more of a problem. Since they are beyond your control, you can't eliminate them altogether and must often just learn to live with them.

LEARNING EXPERIENCE VI (CONT'D.)

Some time wasters are as follows:

Internal

Disorganized desk
Poor filing system
Poor scheduling
Procrastination
Failure to establish priorities
Duplicated efforts
Insufficient planning
Failure to communicate
Indecision
Inability to say no
Unwillingness to delegate tasks
Unclear objectives

External

Telephone interruptions
Friends coming to "just visit"
Waiting for people
Lack of information
Unnecessary meetings
Excessive paperwork
Red tape
Incompetent people
Misunderstandings
Unclear policies and/or procedures
Equipment breakdowns

Even though time management problems can ruin your business, they can be solved. Two solutions to the problem of lack of time are organizing your work efficiently and careful planning of your work BEFORE you do it. Before you adopt either of these solutions, however, you must first ask yourself, "Where does my time go?"

An effective way to find the answer to this question is to keep a daily record or TIME LOG that shows how you spend each hour of the day. By filling in this record, you can easily see how much time you are spending on each activity. After several days of jotting down your activities in this way, you will have gathered quite a lot of information about how you are using your time.

HITE'S
AUTOMOBILE SERVICE
BRAKES • TUNE-UPS • TIRES
AIR

LEARNING EXPERIENCE VI (CONT'D.)

DIRECTIONS: For the next several days, keep a record of all your activities on the TIME LOG provided below.

DAILY LOG

Date ____________________

A.M.

6:00 ____________________

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7:00 ____________________

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8:00 ____________________

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9:00 ____________________

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10:00 ____________________

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11:00 ____________________

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P.M.

12:00 ____________________

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1:00 ____________________

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2:00 ____________________

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3:00 ____________________

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4:00 ____________________

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5:00 ____________________

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6:00 ____________________

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7:00 ____________________

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8:00 ____________________

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9:00 ____________________

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10:00 ____________________

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11:00 ____________________

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A.M.

12:00 ____________________

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1:00 ____________________

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2:00 ____________________

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3:00 ____________________

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4:00 ____________________

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5:00 ____________________

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SELF - CHECK FOR . . .
LEARNING EXPERIENCE VI

MAKING EFFECTIVE USE OF YOUR TIME

As you've probably discovered by now, time has a way of not going where it's supposed to go or where you think it has gone. You've probably noticed that everyday interruptions take away some of your time. You may also have discovered that you are setting unrealistic goals for yourself, expecting to accomplish two days' work in a single day's time. Instead of you managing your time, you time is managing you. It is also a good possibility that you are wasting more time than you are using wisely.

You may find that it helps to use a daily planner that consists of a "things to do" list, priority chart, and schedule. The daily planner helps you to rank your activities in order of their importance and track the progress of each task until it is completed. Always give attention to the top-priority items first. Setting priorities and sticking to them isn't easy. There will always be days when everything needs your attention at the same time. But, as your time management skills improve, these days will be fewer and farther between.

A sample of one type of daily planner appears on the following page. Get in the habit of filling out a daily planner and checking it frequently to make sure that you are using your time wisely each day.

DAILY PLANNER

Date ______________________

THINGS TO DO:

A.M.

7:00 ____

8:00 ____

9:00 ____

10:00 ____

11:00 ____

P.M.

12:00 ____

1:00 ____

2:00 ____

3:00 ____

4:00 ____

5:00 ____

6:00 ____

7:00 ____

8:00 ____

9:00 ____

10:00 ____

11:00 ____

PRIORITIES

TOP ______________________ MEDIUM ______________________

______________________ ______________________

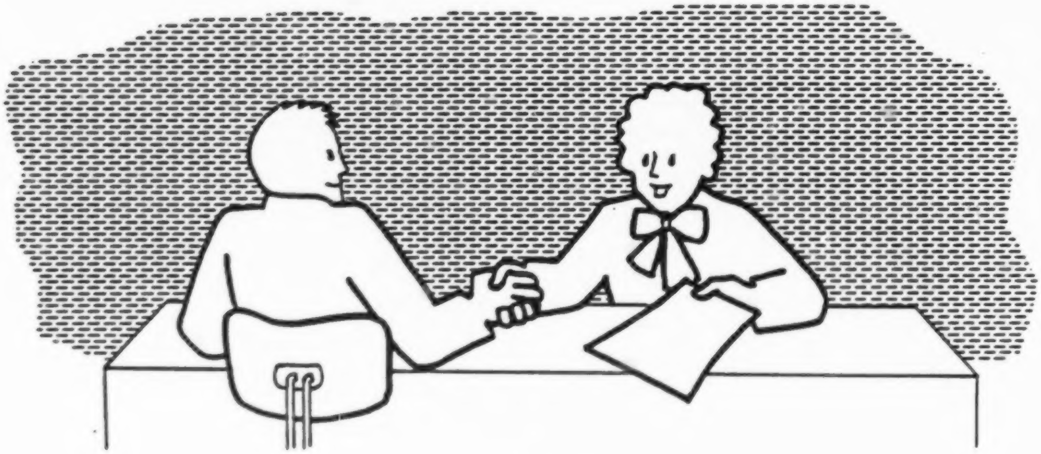
HIGH ______________________ LOW ______________________

______________________ ______________________

NOTES

CHAPTER 4

Financing: How to Get It



OBJECTIVES

Chapter Four
Financing: How To Get It

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- DESCRIBE SEVERAL METHODS FOR FINANCING A BUSINESS.
- PREPARE A STATEMENT OF FINANCIAL NEED.
- EXPLAIN THE STEPS TO FOLLOW TO APPLY FOR A LOAN.
- DEFINE THE FOLLOWING FINANCIAL TERMS.
    - LENDING AGENT
    - GOOD RISK
    - PROFIT
    - COLLATERAL
    - BUSINESS DESCRIPTION
    - STATEMENT OF FINANCIAL NEED
- DESCRIBE A PROPOSED BUSINESS.
- PREPARE A STATEMENT OF FINANCIAL NEED.

INTRODUCTION

All small businesses need money to get started. The AMOUNT of money YOU will need to start your enterprise will depend on the specific KIND of business you want to open.

There are many ways that new business owners can raise money to start their enterprises. The METHOD you choose should be one that best suits your personal situation.

You should keep in mind, however, that each method has both good and bad points, which YOU must look at before you decide whether it is right for you.

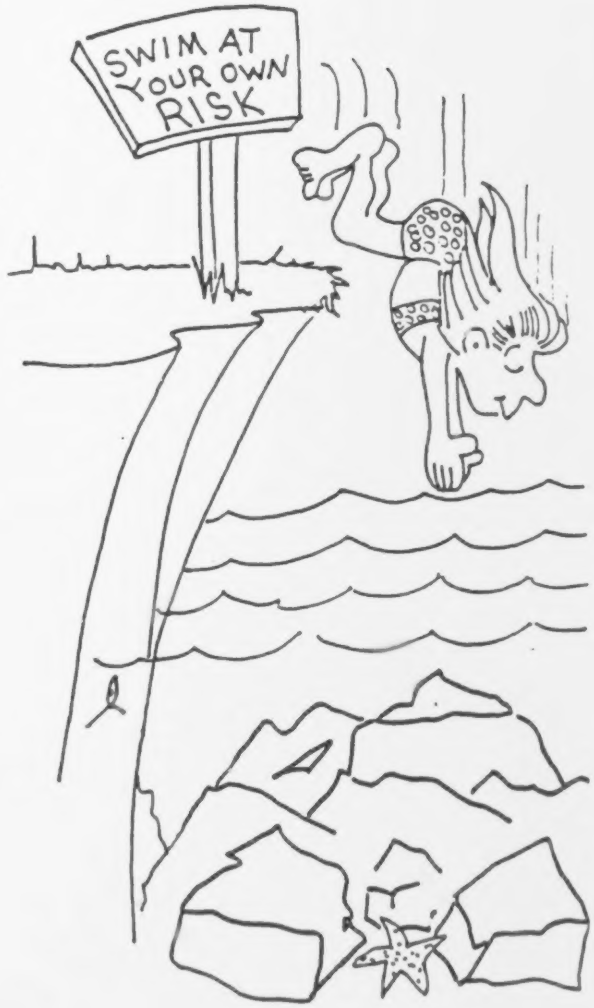
Before you can choose the best method to raise money for your new business, you will need to become familiar with some important words in the language of the financing business. In Chapter Three, you learned terms for writing your business plan. Some of these words were "budget forecast," "interest," and "business expenses." Chapter Four will introduce you to terms used in financing, such as "lending agent," "collateral," and "assets." You will also read about several methods of business financing then have a chance to try to match YOUR personal business situation with the best financing method.

Learning Experience I

FINANCING YOUR NEW BUSINESS VENTURE

The best way to finance your new business venture is by using your own money. When you use money you have saved, you have no obligation to anyone but yourself. You have no money to pay back, no additional "interest" to pay on a loan, and no feeling of responsibility to another person or organization. You are completely free to run your business any way you choose. You can take all the profits from your sales and keep them for yourself. BUT (and here is a "bad" feature of using your own money) you must also be willing to suffer any losses your business experiences. For example, if your business venture fails, you will lose all the savings you have invested in its inventory, its start-up, and so on. The chance that you'll lose all your hard-earned savings on a new business venture is the major drawback of financing an enterprise with money you have saved--money that you may need for other expenses in your life such as automobile repairs, the mortgage on your home, and the basic necessities of life.

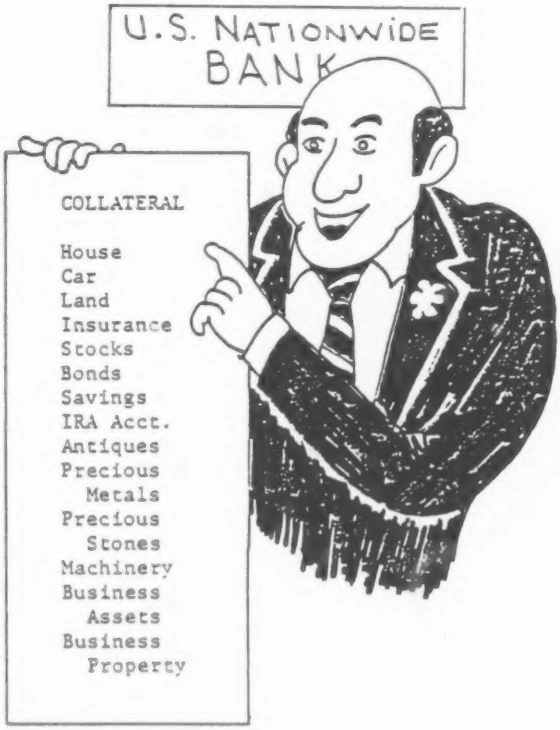
If the chance of losing your savings does not appeal to you, you may want to do what most new business owners decide is best for them--BORROW the money. When you borrow money to begin a business, you can go to one of several places that lend money. In the business of finance, these


SWIM AT YOUR OWN RISK

are called "lending agents" or "lending institutions." A lending agent can be a bank, a savings and loan company, a loan broker, a private individual (such as your Uncle Joe), or a government agency. Each of these agents is in the business of lending money. The "interest" they charge you for the use of their money becomes their profit. Lending agents don't like the thought of losing the money they have saved or earned any more than you do. Because of this, they are very careful about making loans. If you ask them for money, they will want to know if you and your business venture will be a "good risk." What does that mean? Lending agents can never be 100 percent sure that the money will be paid back with interest. They can, however, increase the odds in their favor by looking at some important clues that you have provided in your business plan. A well-written business plan shows the moneylender how profitable you think your business will be. Many times, the lending agent will check your list of expenses and your market research to see if your work is accurate. If you have "done your homework" accurately, the lending agent begins to form an opinion about you and your ability to do good work. Obviously, a person who writes an accurate business plan will have a better chance of getting a loan than a person who writes a sloppy one.

In order to decide if you are a good or bad risk, a lending agent can get additional clues about you in other ways. When you meet with representatives from the lending agency, they will add information to their opinion of you from the way you present yourself. When you speak, are you polite?. . . intelligent? . . . personable? Can you explain your goals in a way that shows that you are organized? Are you success-oriented, or do you give the lender the feeling that you aren't going to succeed in the business you have chosen?

The lending agent will use all these clues to evaluate you and your business plan and then decide if you are a good credit risk. If you prepare a good business plan and present it well, chances are you will get the money you need to start your enterprise. HOWEVER, you must also be prepared to provide the bank or moneylender with COLLATERAL because no banker will lend money without it. Collateral can be property, insurance policies, machinery, real estate, or anything else of value. Why does a lending agent ask for collateral when you borrow money? If you succeed in your business venture, you will have no trouble paying off your loan, but, if you fail, you will STILL have to pay off the loan, and the bank wants some assurance of your ability to do so or the GUARANTEE that something of yours can be sold to pay off the amount you have borrowed. The item that can be sold is the "collateral" for your loan. Collateral for a


U.S. NATIONWIDE BANK
COLLATERAL
House
Car
Land
Insurance
Stocks
Bonds
Savings
IRA Acct.
Antiques
Precious Metals
Precious Stones
Machinery
Business Assets
Business Property

$25,000 loan may be a piece of land that has a minimum selling price of $25,000. If you own the land and wish to use it as collateral, the moneylender would hold the deed on the land until your loan of $25,000 has been repaid. After you repay your loan, the land becomes yours once again.

Terms like "collateral," "good risk," and "financing" may be new to you as you learn about entrepreneurship. To get a better idea of these terms and how they relate to financing a small business, read the following story about Thomas Chang.

APPLYING FOR A LOAN

Thomas Chang was an experienced computer repairman who decided to open his own repair shop for people who needed their electronic equipment serviced. Tom learned his skills in this trade while working as a technician for Computronics Limited, a factory service center in Hartford, Connecticut.

In a local shopping center, Tom found a store for rent that seemed to be the ideal size and location for his business. The store needed to be remodeled, though, and the contractor gave Tom a bid of $2,200 to do the job. Tom asked his brother to help him install workbenches, storage racks, and electronic repair tools. Tom also bought $3,000 worth of electronics supplies, such as circuit boards, resistors, capacitors, wire, and switches. Money was also needed for the store rental deposit and utilities, including oil heat, water, and electricity.

Tom figured that his expenses for the first six months would include a salary for Jim--a part-time employee who would answer the telephone and talk to customers, insurance for the store and its contents, rent, utilities, supplies, advertising, and "other" small bills. Tom did not plan to pay himself a salary for the first six months; he planned to live at home with his parents and use money from a savings account to cover personal expenses. The total cost for the first six months of operation of Tom's business was $13,000.

Tom had $2,000 to invest in the business, and his parents agreed to lend him $1,000. He then applied for a loan from Mr. Greek at the U. S. Nationwide Bank.

LOAN
APPLICATION
OFFICE

Tom met with Mr. Greek on a Monday morning. Mr. Greek asked him to fill out some forms that required information about Tom's schooling, work experience, and finances. Tom also had to show that he knew something about repairing electronic equipment and operating a business.

Because the bank wanted to know whether Tom could pay back the loan, even if the business failed, Mr. Greek asked for information about Tom's other job skills and COLLATERAL for the loan. Tom offered as collateral an acre of land that had been given to him by his grandfather. He also explained that he could go back to working at Computronics if his business failed.

Next, Tom had to give the bank a BUSINESS DESCRIPTION to explain what his business was going to be like and why he thought it would succeed. The business description told about the following:

1. the products or services to be provided
2. the location of the business and type and condition of the building
3. the kind of competition the business would have
4. the kinds of customers the business would have
5. ways the business would be "special" and how Tom would "beat" his competition

Finally, Tom had to supply the bank with financial information about his business. To get his loan, Tom had to fill out several financial forms. One of these showed how much Tom expected to earn and spend each month during the first year of operation. He also had to supply figures to show if his business really could make the level of sales he thought it would. The bank also wanted to know when the business would start earning a PROFIT. In other words, when would the income from electronics repair be GREATER than the expenses of running the business? Tom also had to show HOW profitable the business would be. Because Tom had prepared a good business plan, he was able to copy all the information the bank needed directly from his plan. The last item the bank needed from Tom was a STATEMENT OF FINANCIAL NEED, an example of which is shown on the next page.

SENECA
SAVINGS/LOAN
CORPORATION
FINANCIAL
FORMS

EXAMPLE:

STATEMENT OF FINANCIAL NEED

Expenses for Six Months:

Start-up expenses

Rental Deposit	$ 300
Utilities Deposit	200
Remodeling	2200
Workbenches	800
Supplies	3000
Advertising	200
Insurance	100
Other	200
	$7000

Operating expenses

Salary for Jim	$400 x 6	$2400
Rent	300 x 6	1800
Utilities	35 x 6	210
Supplies	100 x 6	600
Advertising	100 x 6	600
Other	100 x 6	600
		$6210

TOTAL EXPENSES: FIRST SIX MONTHS - $13,210

Money on Hand:

Owner's Cash on Hand	$2000
Loan from Parents	1000

TOTAL MONEY ON HAND - $ 3,000

TOTAL EXPENSES	$13,210
TOTAL MONEY ON HAND	3,000
TOTAL LOAN MONEY NEEDED	$10,210

DEFINITIONS:

Every business has its own language, and the financial business is no exception. Write a definition of each of the following terms that you learned from your reading in Chapter Four.

1. Lending agent

2. Collateral

3. Good risk

4. Business description

5. Profit

6. Statement of financial need

SELF-CHECK FOR . . .

LEARNING EXPERIENCE 1

FINANCING YOUR NEW BUSINESS VENTURE

DEFINITIONS: Compare your definitions to the answers below.

1. Lending agent - An individual or an organization that is in the business of lending money. Lending agents can include banks, savings and loan companies, a government agency, or an individual.

2. Collateral - Property, real estate, machinery, and other goods that have value that can be used by a bank or other lending agent to insure their money against business failure by a borrower.

3. Good risk - A term used by a lending agent to describe a borrower who demonstrates the ability to repay a loan.

4. Business description - A document prepared by a borrower that describes important details about a proposed business, including products, services, location, competition, and customers.

5. Profit - Money remaining in a business after operating expenses have been paid.

6. Statement of financial need - A document prepared by a borrower that describes start-up expenses, operating expenses for six months, owner's cash on hand, and total money needed for a loan.

NOTES

Learning Experience II

DESCRIPTION OF PROPOSED BUSINESS

DIRECTIONS: Use information from your business plan to complete the BUSINESS DESCRIPTION form below.

SENECA SAVINGS AND LOAN CORPORATION
DESCRIPTION OF PROPOSED BUSINESS

Applicant's Name: ______________________________

Address: ______________________________

____

Telephone Number: ______________________________

Name of Business: ______________________________

____

1. Products or services provided by the business:

2. Location of business:

3. Description of building in which business will be housed:

4. Names of competitors within a fifty-mile radius of the business:

5. How the business will be different from that of competitors:

NOTES

Learning Experience III

STATEMENT OF FINANCIAL NEED

When you start your own business, you will probably finance it with money from several sources. You will use some of your savings, get loans from family members, or borrow from a bank, savings and loan, or other lending agent. To apply for a bank loan, you will be asked to give the banker the same information that Tom Chang provided for Mr. Greek.

DIRECTIONS: Use the information from your business plan to fill out the financial statement below.

SENECA SAVINGS AND LOAN CORPORATION
STATEMENT OF FINANCIAL NEED

Expenses for Six Months:

Start-up expenses

1. ____________
2. ____________
3. ____________
4. ____________

Operating expenses (six months)

1.
2.
3.
4.
5.
6.
7.
8.
9.
10.

Money on Hand:

Owner's Cash on Hand ________

Loans from Outside Sources ________

Total Expenses for Start-up ________

Expenses for First Six Months ________

TOTAL EXPENSES ________

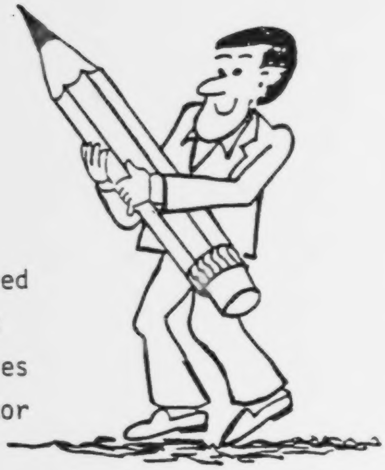
TOTAL MONEY ON HAND ________

TOTAL LOAN MONEY NEEDED ________

SELF-CHECK FOR . . .

LEARNING EXPERIENCE III

STATEMENT OF FINANCIAL NEED



Compare the Statement of Financial Need for your business with the sample statement below. Be sure you've added all your figures correctly. (You may want to use a calculator to check your arithmetic.)

Were you able to use your business plan for filling out this form? // YES // NO

If not, what parts were missing?

SENECA SAVINGS AND LOAN CORPORATION
STATEMENT OF FINANCIAL NEED

Start-up expenses

Rent	$ 400
Utilities	40
Supplies	1000
Advertising	500
Insurance	200
TOTAL	$2140

Operating expenses (six months)

Rent	$400 x 6 =	$2400
Utilities	40 x 6 =	240
Supplies	200 x 6 =	1200
Advertising	250 x 6 =	1500
Misc.	200 x 6 =	1200
TOTAL		$6540

Money on Hand

Owner's Cash on Hand	$2000
Veteran's Admin. Loan	1000
Loan from Relative	1500

TOTAL EXPENSES	$8680
TOTAL MONEY ON HAND	4500
TOTAL LOAN MONEY NEEDED	$4180

NOTES

Learning Experience IV

When you meet with a loan agent, it is very important that you present the best possible picture of yourself. Read the following description of Ed Timko's visit to the loan officer at First Federal Savings and Loan and try to decide what kind of picture he presented of himself to the loan agent.

ED APPLIES FOR A LOAN

Ever since he was ten years old, Ed Timko had wanted to own a bicycle repair shop. A recent high school graduate, Ed felt that the time was right to start his business venture. He had a workshop at his parents' home which was near enough to town to make customer travel convenient. Ed had saved $3000 from summer jobs over the past four years, and he wanted to use $2000 of that for his business. The marketing teacher at Ed's school helped him develop a business plan that was complete in every detail. Together they figured that Ed had to borrow $5000 to support the business through its first six months of operation.

Ed called the bank where he and his parents had checking and savings accounts and requested a meeting with Mrs. Vitale, the bank's loan officer. She agreed to meet with him when the bank opened at 8:00 a.m. the following morning.

Ed didn't awaken on time the next day. When he looked at the clock, he saw that it was 7:45 a.m. He dressed hurriedly, dashed out of the house, and began to run the eight blocks to the bank. Halfway there, Ed was caught in a rainstorm, and, because he had not bothered to take an umbrella with him, got completely soaked. As Ed stood at the entrance to the bank, water dripped from his hair and clothes. His shoes made squishing sounds as he walked, and the business plan that had taken three months to write was wet and limp. Ed didn't know what to do. Should he go back home and try again tomorrow? Would Mrs. Vitale think he was foolish for letting a little rain bother him? She might think, "If something as simple as rain can stop that young man, what will he do when he has to face the tough business world?" On the other hand, Mrs. Vitale might not be very impressed with his appearance and his soaking-wet business plan.

DIRECTIONS: Answer the following questions.

1. How should Ed resolve his problem? Should he return home? Should he continue with his appointment as planned?

2. How could Ed have avoided placing himself in this awkward situation?

3. List some suggestions that will help Ed present a better picture of himself to future lending agents.

NOTES

NOTES

CHAPTER 5

Generating Sales

OBJECTIVES

CHAPTER FIVE
GENERATING SALES

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- PERFORM MARKET RESEARCH TO LEARN ABOUT FUTURE CUSTOMERS.
- COMPLETE AN ADVERTISING ANALYSIS.
- DESIGN A "FLYER" FOR ADVERTISING A BUSINESS.
- LIST FIVE BASIC REASONS WHY CUSTOMERS BUY.
- EXPLAIN TECHNIQUES FOR PRESENTING MERCHANDISE.
- FILL OUT AN INVENTORY CARD.
- FILL OUT A PURCHASE ORDER.

INTRODUCTION

GENERATING SALES

Having a good idea is not enough to guarantee that your product or service will sell. You must MARKET your idea creatively.

Marketing is not the same as selling. Marketing is the WAY you make all the pieces of your business work together so you can make a sale. Marketing is made up of:

1. developing a product or service,
2. pricing your product correctly,
3. making the product available to people,
4. advertising and promoting.

MARKETING STRATEGY

There are three major parts of a good marketing strategy. They are:

1. learning who your customers are,
2. attracting customers to your business,
3. selling your product or service.

LEARNING ABOUT YOUR CUSTOMERS

Finding out about the needs of your future customers is very important. You can learn who your customers are by doing research; you have already done some of this when you wrote your business plan. Now you must "zero in" on your potential customers in order to learn:

1. who they are,
2. if they want what you are selling,
3. where they are located,

4. if they can afford to pay for your product or service,

5. if they are willing to pay the price you are asking.

You must also look for the following information about your customers as you zero in on their needs:

1. What is their age group?
2. Are they single or married?
3. Do they have children?
4. What is their income level?
5. What is their lifestyle?

Keep in mind that your customers are always moving and changing. You have to find out where they are going as well as where they are now. Your job will be an ongoing process of staying in touch with your customers' needs as these needs change. You can see, therefore, that MARKETING STRATEGY is a skill that you will develop and continue to use as your business serves the buying public from year to year.

MARKET RESEARCH

Learning Experience I

MARKET RESEAR

MARKET RESEARCH

Before you can begin selling your product or service, you must find out who your customers are. You can do this with MARKET RESEARCH. Use the following list of questions to begin learning about your future customers.

MARKET RESEARCH

Name of Business ______________________ Owner ______________________

1. How many people and/or families live in the area served by your business?
2. How has this changed in the past two years?
3. Where do these people work? (List all their employers.)
4. What is the family breakdown? Number of boys? Number of girls? Their ages?
5. How many families have small children? How many have teenagers?
6. How many homes are one-person households?
7. What is the income of individuals and families living in the area served by your business?
8. How do the wage-earners in this area earn their livelihoods? (What are their occupations?)
9. Is your area old and established or are most residents newcomers?
10. How many families own their homes? What is the average monthly rent or mortgage?

11. What is the value of the homes in the area served by your business?

12. What is the age and quality of the homes in the area served by your business?

13. Do these homes have luxury accessories like air conditioning, power garage-door openers, outdoor lighting, etc.?

14. How many families own cars? How many own two or more cars?

SELF-CHECK FOR . . .
LEARNING EXPERIENCE I
MARKET RESEARCH

The answers to your market research questions can be found in reports published by the Bureau of the Census. The librarian at your school or local library can help you find the census reports in the reference section. Information you find in these books will help you make important business decisions like:

1. where to locate the store or business,
2. what kind of merchandise or service to offer,
3. how to keep a balanced inventory at a minimum cost,
4. what the demand will be for your product or service.

For example, if there are many teenagers in the area served by your business, you should decide if the business could adapt to their needs. If the income range of the residents in your area is middle-class, you should offer quality merchandise at reasonable prices. If many residents own their own homes, your business should offer products or services that could be used in the home. Lawnmowers and lawnmower repair, lawn care, housepainting, and interior decorating items would be good sellers. If many houses are old, then repair and do-it-yourself supplies would be popular items.

What business decisions must you make now that you have done some research on your market area? List them.

____

____

____

NOTES

Learning Experience II

ATTRACTING CUSTOMERS

STORE OPENS - 9:00

People won't know your business exists unless you tell them about it. This means advertising. Advertising is usually directed at a large number of people in the area served by your business and can take the form of written information in newspapers, catchy radio messages, television commercials, displays in the yellow pages of the local phone directory, billboards, and direct mail to people's homes. The small-business operator can also use some very inexpensive methods for advertising a new enterprise. Advertising your product or service can be effectively done with the use of a typed ad on a sheet of 8-1/2 x 11-inch yellow paper. These "flyers" can be placed on the windshields of autos in the parking lots of shopping malls, county fairgrounds, football stadiums, and so on. You must first check local "solicitation codes" at the police station or county courthouse, however, before you proceed. Another inexpensive advertising method can be developed using poster board. Print your ad on the poster board and ask store owners if they will display the posters in the windows of their stores near "high traffic" areas.

Advertising has become a huge part of our lives. Recent surveys show that each of us sees, hears, or reads one thousand advertisements every day! So, competition for your customers' attention is fierce!

The method you will use to advertise your product or service, therefore, must be new, different, and exciting!

There is no magic formula that will tell you how to advertise or how much money to spend on it. Inexpensive ads that are well written and entertaining are often the best ads to use to reach customers.

DIRECTIONS: Use the chart on page 98 as a guide in deciding what types of advertising you think will be best for the business venture you have chosen. Which business on the chart is most like yours? ____________

____

What does this business have in common with yours? ________________

____

Using the business you have chosen, fill in the information requested below. Use the chart on page 98 for help.

ADVERTISING ANALYSIS

Type of business ____

Budget for advertising (find this on your business plan) ____________

Media you plan to use ____

____

Special considerations ____

____

Advertising (promotional) opportunities ____________________________

____

Inexpensive methods for advertising your product ___________________

____

Media you plan to use in the future as your business grows ___________

____

____

TABLE 21.1 ADVERTISING AS PRACTICED BY SELECTED SMALL BUSINESSES

TYPE OF BUSINESS	AVERAGE AD BUDGET (% of SALES)*	FAVORITE MEDIA	OTHER MEDIA USED	SPECIAL CONSIDERATIONS	PROMOTION OPPORTUNITIES AND WARNINGS
BARS AND COCKTAIL LOUNGES	1.0-1.2%	Newspapers (entertainment section), local magazines, tourist bulletins	Specialties	Manufacturers do all product advertising	Promoting new drinks, hosting tailgate or post-event parties, organizing expeditions. Caution: see the Alcoholic Beverage Control's advertising and promotion regulations
BICYCLE SHOPS	1.5-2.0%	Newspapers (sports section)	Fliers, yellow pages, cycling magazines, direct mail		
BOOKSTORES	1.5-1.6%	Newspapers, shoppers, yellow pages	Direct mail	Cooperative advertising available from publisher	Autograph parties
BUILDING MAINTENANCE SERVICES		Direct mail, door to door, yellow pages	Signs on company vehicles and equipment		
CAMERA SHOPS (INDEPENDENT)	2.0-3.5%	Direct mail, handouts, yellow pages	Newspapers (except large urban)	Cooperative advertising available from manufacturer	Donation of services and equipment to community events and organizations
DRUG STORES (INDEPENDENT)	1.5-3.0%	Local newspapers, shoppers	Direct mail (list from prescription files)		
DRY CLEANING PLANTS	0.9-2.0%	Local newspapers, shoppers, yellow pages	Storefront ads, pamphlets on clothes care		Specials on seasonal cleaning (sleeping bags, parkas)
EQUIPMENT RENTAL SERVICES	1.7-4.7%	Yellow pages			
GIFT STORES	2.2%	Weekly newspapers	Yellow pages, radio, direct mail, magazines		Open houses, demonstrations of product lines like cookware
HAIRDRESSING SHOPS	2.0-5.0%	Yellow pages	Newspapers (for special events), word of mouth		Styling for community fashion, beauty shows, conducting free beauty clinics at local high schools

TABLE 21.1 (continued)

TYPE OF BUSINESS	AVERAGE AD BUDGET (% of SALES)*	FAVORITE MEDIA	OTHER MEDIA USED	SPECIAL CONSIDERATIONS	PROMOTION OPPORTUNITIES AND WARNINGS
HOME FURNISHING STORES	5.0-6.0%	Newspapers	Direct mail, radio	Cooperative advertising available from manufacturer	
LIQUOR STORES (INDEPENDENT)	0.2-0.6%	Point-of-purchase displays	Newspapers, yellow pages	Manufacturers do all product advertising, co-op funds available	Caution: see Alcoholic Beverage Control's advertising and promotion regulations
MAIL ORDER FIRMS	15.0-25.0%	Newspapers, magazines	Direct mail	Display ads, not classified, in publications	Firms spend up to 40% of sales on advertising, some promotions
PET SHOPS	2.0-5.0%	Yellow pages	Window displays, shoppers, direct mail		Talk on pet care to schools, community groups
PLANT SHOPS	1.3-1.5%	Local newspapers, word-of-mouth			Plant care clinics, courses in plant care, plant sitting, repotting
RECREATIONAL VEHICLE AND MOBILE HOME DEALERS	0.5-1.0%	Local newspapers, radio, yellow pages	Direct mail, television for multi-lot dealers	Trade shows constitute a major medium, should be budgeted for separately from other advertising	
REPAIR SERVICES	1.0-1.6%	Yellow pages	Signs on vehicles, direct mail, shoppers		
RESTAURANTS AND FOOD SERVICES	0 4 0%	Newspapers, radio, yellow pages, transit, outdoor	Television for chain or franchise restaurants	Word-of-mouth relied on heavily by independent restaurants	"Free" advertising in restaurant critics' columns, specialty advertising, birthday cakes or parties for customers
SHOE STORES	3.0%	Newspapers, direct mail, radio	Yellow pages (especially for specialty shoe vendors)	Cooperative advertising available from manufacturers	Collecting outgrown (but not worn out) childrens shoes for donation to local charity
SMALL JOB PRINTERS	0.5-1.0%	Salespeople in the field	Direct mail		

*Slightly higher in new establishments

Source: Bank of America, *Small Business Reporter*, "Advertising Small Business," Vol. 13, No. 8, 1978, pp. 16-17. Also found in Dennis H. Tootelian and Ralph M. Gaedeke, *Small Business Management: Operations and Profiles* (Santa Monica, Calif.: Goodyear, 1978), pp. 154-155.

NOTES

Learning Experience III

WRITING AN ADVERTISEMENT

Whether you are writing an advertisement for a newspaper, the radio, or any other medium, you should remember that an effective ad:

- attracts attention
- is easy to recognize
- has a simple message
- gives important information about your business
- makes people want to buy your product or service

Try to use a catchy phrase, picture, or song if you can. Some parts of your ad should always be the same so customers begin to recognize it at a glance. Design a "logo" and use it in printed ads. A logo is a symbol that is special to YOUR business. When people see your logo in the newspaper, they will think of your business even before they read the information in the ad.

All printed ads have the following parts:

HEADLINE - at the top in large letters to attract attention

ILLUSTRATION - a picture describing the product or service

COPY - the written part of the ad that gives information about the business and makes customers want to buy

IDENTIFICATION - the name, address, phone number, and logo of the business

LAYOUT - the way all parts of the ad are arranged on the page

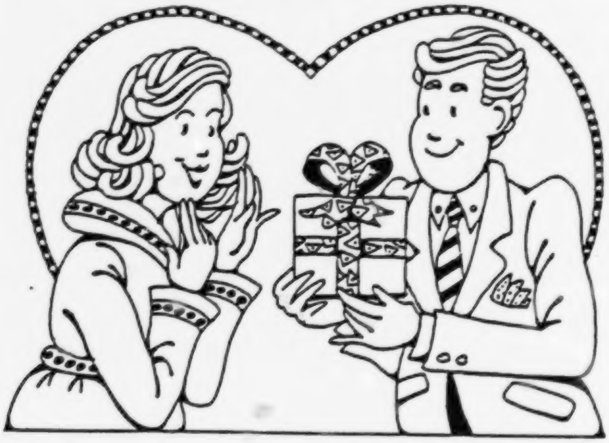
SAMPLE ADVERTISEMENT (LAYOUT)

Headline

GRAND OPENING

OF

SANDY'S FLOWER AND GIFT SHOP



Illustration

Copy

STOP AT SANDY'S FOR ALL YOUR FLORAL AND GIFT-GIVING NEEDS.
WE FEATURE FLOWER ARRANGEMENTS FOR ALL OCCASIONS AND EVENTS!
TAKE TIME TO BROWSE THROUGH OUR SHOWROOM OF ELEGANT GIFTS.

OPEN 10 - 5, MONDAY THROUGH SATURDAY. THURSDAY 'TIL 9 P.M.
MAJOR CREDIT CARDS ACCEPTED MEMBER OF F.T.D. FLORISTS

Logo

SANDY'S

SANDY'S FLOWER AND GIFT SHOP, 1865
GRANDVIEW BOULEVARD, CANTON, OHIO 44709
TELEPHONE: (216) 555-3689

Identification

DIRECTIONS: Design an advertisement for your business. Remember that the ad should attract attention, be easy to recognize, provide a simple message, and contain all the important information about your product or service. The ad should make customers want to shop at your store!

Your ad should contain five major parts: HEADLINE, ILLUSTRATION, COPY, IDENTIFICATION, AND LAYOUT

NOTES

Learning Experience IV

SELLING TO CUSTOMERS

If your advertising works, customers will begin to arrive at your place of business to buy your product or service. However, your success will depend upon these same customers returning again and again. You must have a continuous flow of customers who want to buy from you, and you must also INCREASE the number of customers so your business can grow. Because of this, you must learn how to keep the customer happy. Customers "make" a business or cause it to fail. They are your "bosses" and they know it! You will do well to realize this fact at the beginning of your business venture.

COURTESY AND FRIENDLINESS

Courtesy toward customers is ALWAYS necessary. People won't return to your store if you are rude to them. For this reason, you must always be friendly. Some customers may be demanding, hard to handle, arrogant, ignorant, or vulgar. You, however, dare not express your true reactions to these kinds of behavior. Instead, do what you can to meet the person's needs, and help him or her. If you don't, your competitor from across town will, and you will be the loser.

Customers can be demanding of business people because incomes have increased in recent years and people have money to spend. THEY have the final say in where they will spend it. Even though the customer may not always be right, he or she can prove where you are wrong simply by walking out on you without buying anything!

As you talk to your customers, it is important that you show an interest in them. Praise the behavior of their children, compliment their hairstyles or their clothing. If you find yourself at a loss for "small talk," discuss the weather. Avoid subjects like politics and religion. Discussions of these topics might end in heated debates or anger, and you will lose both the sale and the customer.

WHY DO CUSTOMERS BUY?

There are five basic reasons why customers buy products or services.

1. They need them for daily survival.
2. They want them for satisfaction or convenience.
3. The purchase will add to their wealth by increasing the value of their home or investments.
4. They want to satisfy their pride of ownership.
5. They want to ensure the safety of their home, car, or family.

Your understanding of these five reasons can help you please the customers who patronize your place of business and keep them happy as they return to your store again and again.

Customers will want to buy from you because they like the way you treat them and their families. They will like you if you make them feel special. Some shoppers will return to your store for this personal attention because they don't get the same quality of service from chain stores.

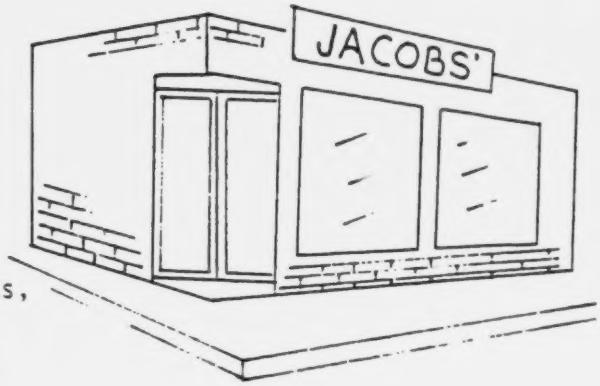
DIRECTIONS: Read the following story about Sam and John Jacobs, owners of Jacobs' Clothing Store. As you read, try to form an opinion of their ability to sell to their customers. Then, answer the questions at the end of the story.

JACOBS' CLOTHING STORE

Sam and John Jacobs own and operate a small clothing store on the corner of Jefferson and Main. Market research indicated that most of their customers would be middle-class workers from the town and surrounding suburbs. Because the majority of the people in the area had families, the brothers decided to provide clothing for men and teenage boys. The clothing sold at Jacobs' is reasonably priced. Suits sell for an average of $180, shirts for $12, and slacks for $20 to $30.

Sam and John decided that they would try to get to know all they could about their customers. To do this, the brothers started to write notes in a small tablet. Each customer's name was listed in the tablet. Beside each name was a note or two about that person's family, hobby, favorite sport, and favorite colors and styles of clothing. When business was slow at the store, Sam and John would quiz each other about the information written in the tablet. In time, the two brothers were able to watch a customer walk into the store, and, after a moment's

thought, greet him with a personal comment. This was usually followed with a remark like, "You're a size 40, right?" While Sam or John selected several pieces of clothing for the customer from the rack, they would start a conversation about sports, family events, or school activities--most of which were listed neatly in the tablet on the shelf below the cash register. Customers would hear Sam or John state their exact clothing size, watch three or four pairs of slacks made from a favorite fabric in a favorite color come off the rack, and think, "Gee, these people really value me as a person! They really try hard to please. I'm glad I came here to shop!"



QUESTIONS

1. How did market research help the Jacobs brothers plan a business that met the needs of the buyers in the area served by their business?

____

2. Look at the list titled, "Why Do Customers Buy?" Why do customers buy at Jacobs' Clothing Store? ______________________

____

3. List some sales techniques that Sam and John Jacobs use to make their customers feel appreciated. ______________________

____

____

SELF-CHECK FOR . . .

LEARNING EXPERIENCE IV

SELLING TO CUSTOMERS

Compare your answers with those written below.

1. How did market research help the Jacobs brothers plan a business that met the needs of the buyers in the area served by their business?

A review of the Census Bureau's report indicated that the majority of the people in the area had families with young sons and daughters in the two-to seventeen-year-old range. This led the brothers to believe they could plan to sell to the male family members. Since the income level of the local people was "middle-class," Sam and John bought from their suppliers clothing that their future customers could afford.

2. Why do customers buy at Jacobs' Clothing Store?

Customers buy from the Jacobs brothers for two reasons: (a) to fill the basic need of being clothed and (b) to maintain a good appearance (satisfaction).

3. List some sales techniques that Sam and John Jacobs used to make their customers feel appreciated.

a. They tried to get to know the customers as individuals.

b. The brothers were friendly to shoppers.

c. They made customers feel "special" by remembering them by name and by knowing favorite colors, fabrics, and styles of clothes individuals liked. They remembered the sizes of clothing worn by each customer.

d. A list of information was kept by the cash register for easy reference.

NOTES

Learning Experience V

PRESENTATION OF MERCHANDISE

TONY'S
DANCE
STUDIO

In presenting merchandise or services to customers, you should use your knowledge of the product or service to its best advantage. How can this be done? Get the customer involved. Show the customer several features of the lawnmower, for example, then have him or her try it out. Do you want to sell dancing lessons? Get the customer out on the dance floor and let the fun of dancing sell itself. The same can be true of clothing, watches, perfume, sports equipment, automobiles, and almost anything else. Have you noticed where department stores display toys for children? Close to the floor near a child's eye level, of course. This is done to involve the child in the idea of each toy being sold.

You can present your merchandise well if you display your product or service creatively. Build an illusion with your display. Design a "background" for the product that shows it being used in a mock setting. When you build your display, remember to keep the area as uncluttered as possible. Each item you sell should stand out by itself. Every item should also be kept dusted and as clean and shiny as possible. As customers buy items from your display shelves, keep the shelves stocked with replacements. If merchandise is running low, rebuild the display and place items on shelves so that there are no large empty spaces.

Use plenty of light as you design your display. Some commercial lighting companies will send you catalogs that show examples of creative lighting techniques. Shadow boxes, mirrors, and well-lighted shelves placed at eye level all help to display your products effectively. Place displays in or near high-traffic areas. As customers enter your store, their gaze naturally falls on the wall opposite the door. This space should be used to its best advantage. Fill it with a creative, well-lighted display of your product or service. Study the aisles and floor-plan of your store. Make sure customers can get to your merchandise once it attracts their attention.

Building an exciting atmosphere that presents merchandise or services to their best advantage should be accomplished with many smaller "mini-displays." Give the store time to grow. In time, the smaller displays will all work together to make a "whole room" display.

SHOWMANSHIP

When you present merchandise to the customer, be creative! Be enthusiastic about the product or service; hold the camera up for the customer to see; make the baby stroller look "easy" to unfold; lay all the pieces of the set of dishes before the customer in an attractive, easy-to-see manner. Try to think like a shopper. Ask yourself, "If _I_ were the customer, what would I like to see?"

SPORTS
DEPARTMENT

DIRECTIONS: Design a display for your business service or product. You may want to get help from the marketing or distributive education instructor at your school. The distributive education teacher may ask one of her students to assist you with this project.

NOTES

Learning Experience VI

COMMUNICATING WITH THE OUTSIDE WORLD

All small business owners must communicate with other people in the community, the state, and sometimes the nation. Supplies must be purchased at the lowest cost, for example, and this often means locating a wholesale warehouse across town or in another state.

Whether you sell a product or a service to consumers, you will need supplies. Supplies that are stored in the business until they are sold are called INVENTORY. In some service businesses, the SERVICE is sold; therefore, very few supplies are needed. Other businesses use large amounts of inventory to satisfy a wide variety of customer needs.

A business that sells inventory goods to other businesses is called a SUPPLIER. There are two major kinds of suppliers: manufacturers, who make goods from raw materials, and wholesalers, who act as "middlemen" by buying goods from manufacturers and selling them to business owners. Wholesalers can sell goods at a cheaper price because they sell in huge quantities.

BUYING SUPPLIES

You may not know where to find supplies for your business. This information can be found by calling your local trade organization or by attending trade shows. Supply salespersons will also call you once your business becomes established. Suppliers read advertisements, too.

They find their future customers by reading newspapers and listening to the radio. You will be amazed at the number and variety of supply catalogs that will be sent to you through the mail!

As you plan to buy supplies for your business, you will have to make decisions about two things: WHAT to buy and WHERE to buy it.

WHAT TO BUY

If you have a retail business, you must study the customers in your trade area. Do you remember the Jacobs brothers? They knew what kind of clothing to buy because their market research indicated that their customers would be able to afford clothing that was reasonably priced. If, on the other hand, you have a service business, decide what supplies will help you perform your service best.

WHERE TO BUY

When you choose a supplier, look for three things:

1. Goods - Find a supplier who offers a variety of high-quality items that suit two budgets: your own and your customers'.
2. Prices - Lower prices result in more profit for you.
3. Service - Suppliers should be courteous and friendly and should fill your order on time. Ask your supplier if you can establish a line of credit with her company. Since few suppliers can fill ALL your needs, it would be wise to have more than one supplier.

HOW MUCH TO BUY

In deciding how much to buy, you should try to buy as LITTLE as possible to save money but ENOUGH for your need to make money. If you buy a lot of goods that no one wants, you will be in trouble. On the other hand, if you don't have enough supplies on hand, customers will be upset. In time, you will grow accustomed to this juggling act.

DIRECTIONS: Fill in the information requested on the PURCHASE ORDER and the INVENTORY CARD on this page. Use information from your business plan if needed.

PURCHASE ORDER

TO: ____________________
DATE: ____________________
PURCHASE ORDER NUMBER: ____________
REQUIRED DELIVERY DATE: ____________
SHIP TO: ____________________
SHIP VIA: ____________________

Quantity	Unit	Description	Unit Cost	Total Cost

Subtotal ____________
Tax (6%) ____________
TOTAL ____________

Signature: ____________________

INVENTORY CARD

Item ____________________
Supplier ____________________
Reorder Point ____________ Reorder Amount ____________

AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount

SELF - CHECK FOR . . .

LEARNING EXPERIENCE VI

COMMUNICATING WITH THE OUTSIDE WORLD

Compare your PURCHASE ORDER and INVENTORY CARD with the samples below.

PURCHASE ORDER

TO: Springtime Seed Company
Cherry Lane
Lorain, Ohio

DATE: Oct.7, 1987

PURCHASE ORDER NUMBER: 12431

REQUIRED DELIVERY DATE: April 4

SHIP TO: Sandy's Flower and
Gift Shop

SHIP VIA: United Parcel Service

Quantity	Unit	Description	Unit Cost		Total Cost	
200	pk.	Assorted veg. seeds		30	60	00
30	flat	Assorted veg. plants	5	00	150	00
30	flat	Assorted flowers	7	00	210	00
			Subtotal		420	00
			Tax (6%)		25	20
			TOTAL		445	20

Signature: ______________________

INVENTORY CARD

Item: Plant food

Supplier: Acme Supply

Reorder Point: 140 Reorder Amount: 300

AMOUNT RECEIVED		AMOUNT SOLD		AMOUNT REMAINING	
Date	Amount	Date	Amount	Date	Amount
4/1	300	4/3	27	4/3	273
		4/6	30	4/6	243

NOTES

CHAPTER 6

Business Arithmetic

OBJECTIVES

CHAPTER SIX
BUSINESS ARITHMETIC

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- DEFINE THE FOLLOWING TERMS:
    - MARK-UP
    - COST PRICE
    - SELLING PRICE
- COMPUTE SALES TAX.
- COMPUTE MARK-UP IN DOLLARS AND CENTS.
- COMPUTE PERCENTAGE OF MARK-UP.

INTRODUCTION

Business operators use arithmetic every day --they decide whether they have enough money to buy supplies, they make change for their customers from the cash register, and balance their income against their expenses at the end of each week. A business owner may use arithmetic to measure objects, to weigh products, or to figure salary and benefits for employees. While on the job, a business operator will be required to figure sales tax on products sold, to compute interest on money borrowed, to count boxes of supplies remaining in inventory, and to make important business decisions. What should a product cost? How much "mark-up" should be added to the price of a product or service? If items are placed "on sale," by how much can the regular price be reduced?

Business arithmetic is made up of several basic skills. These include:

- addition
- subtraction
- multiplication
- division
- percentages
- fractions
- decimals

Somewhere in the course of your education you were given instruction on each of these basic math skills. Do you think you have mastered them? Have you forgotten some important skills like dividing fractions or finding percentages of whole numbers?

Chapter Six is designed to give you an opportunity to review the basic arithmetic skills that you must know to run your business successfully.

Learning Experience I

DIRECTIONS: FIND ANSWERS TO EACH OF THE PROBLEMS BELOW.

ADD.

$$\begin{array}{rcrcrcrcr} 7 & \qquad & 25 & \qquad & 28 & \qquad & 43 & \qquad & 124 \\ +\ 8 & & +\ 22 & & +\ 25 & & +\ 78 & & +\ 377 \\ \hline \end{array}$$

SUBTRACT.

$$\begin{array}{rcrcrcrcr} 68 & \qquad & 44 & \qquad & 80 & \qquad & 95 & \qquad & 841 \\ -\ 45 & & -\ 28 & & -\ 71 & & -\ 21 & & -\ 365 \\ \hline \end{array}$$

SELF-CHECK FOR . . .
LEARNING EXPERIENCE I
ADD AND SUBTRACT WHOLE NUMBERS

ADDITION

15 47 43 111 501

SUBTRACTION

13 16 9 74 476

NOTES

Learning Experience II

DIRECTIONS: FIND ANSWERS TO EACH OF THE PROBLEMS BELOW.

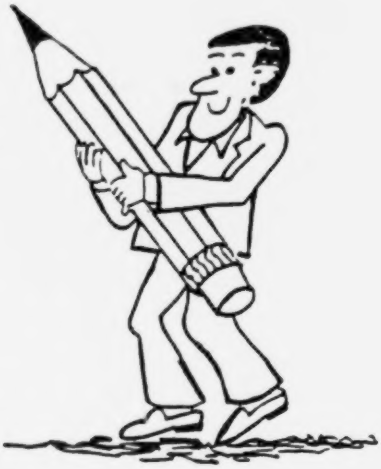
MULTIPLY.

$$\begin{array}{r} 5 \\ \times\ 7 \\ \hline \end{array} \qquad \begin{array}{r} 24 \\ \times\ 13 \\ \hline \end{array} \qquad \begin{array}{r} 32 \\ \times\ 21 \\ \hline \end{array} \qquad \begin{array}{r} 540 \\ \times\ 32 \\ \hline \end{array} \qquad \begin{array}{r} 880 \\ \times\ 321 \\ \hline \end{array}$$

DIVIDE.

$$2\overline{)16} \qquad 5\overline{)125} \qquad 13\overline{)338} \qquad 9\overline{)56}$$

SELF-CHECK FOR . . .
LEARNING EXPERIENCE II
MULTIPLICATION AND DIVISION



MULTIPLICATION

35 312 672 17,280 282,480

DIVISION

8 25 26 6.22 (OR) 6 REMAINDER 2

NOTES

Learning Experience III

PERCENT

INFORMATION SHEET: FINDING PERCENTAGES

Percent means "hundredths."

EXAMPLE

20 cars out of 100 would be 20 "hundredths" or 20 percent, which is written 20%. It can also be written .20

Problem. What is 6 percent of $100?

Solution.

Multiply $100 times 6 percent (written .06).

```
   $100.00
       x.06      (count 4 decimal places)
   -------
    600 00
   0000 00
   -------
Answer:  $6.0000 = $6
```

Problem. What is 24 percent of 80?

Solution. Multiply 80 times 24 percent (written .24)

```
      80
   x .24         (count 2 decimal places)
   -----
     320
    160
   -----
Answer:  19.20
```

MATH SKILL: PERCENTAGE

DIRECTIONS: EACH SPRING, TOM'S T.V. AND ELECTRICAL SERVICE ORDERS A NEW YEAR'S SUPPLY OF ELECTRICAL AND ELECTRONIC COMPONENTS. FIND THE TOTAL OF EACH OF THESE SUPPLY ORDERS, THEN FIND THE SALES TAX ON EACH ORDER. USE 6 PER CENT PENNSYLVANIA SALES TAX. SHOW YOUR WORK ON THE PAGE.

EXAMPLE

$ 4.25 $21.91
6.83 x.06% PA sales tax
9.95
8.88 1.3146
$21.91

SALES TAX = $1.31

$ 123.00
65.95
66.50

SALES TAX = ______

$ 3.35
6.65
19.50
1.50

SALES TAX = ______

$ 65.50
40.00
88.75
10.84

SALES TAX = ______

$ 42.50
75.00
4.50

SALES TAX = ______

$ 89.00
65.87
9.95

SALES TAX = ______

$ 25.00
45.99
67.50

SALES TAX = ______

LEARNING EXPERIENCE III

SELF-CHECK

$ 123.00
65.95
66.50
255.45

SALES TAX = $15.32

$ 3.35
6.65
19.50
1.50
31.00

SALES TAX = $1.80

$ 65.50
40.00
88.75
10.84
205.09

SALES TAX = $12.31

$ 42.50
75.00
4.50
122.00

SALES TAX = $7.32

$ 89.00
65.87
9.95
164.82

SALES TAX = $9.89

$ 25.00
45.99
67.50
138.49

SALES TAX = $8.31

NOTES

Learning Experience IV

FRACTIONS AND PARTS OF FRACTIONS

Identify Fractional Parts

Directions: Match the fractions with the correct shaded figures.

______a. 4/8

______b. 2/2

______c. 6/16

______d. 3/7

______e. 5/5

______f. 1/2

______g. 2/7

______h. 5/6

______i. 1/4

______j. 2/3

______k. 7/8

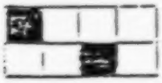
______l. 3/5

______m. 2/8

______n. 3/3

______O. 1/5

1



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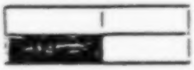

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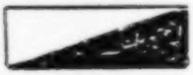

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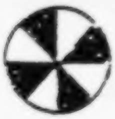

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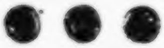

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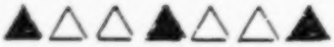

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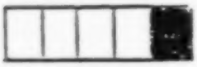

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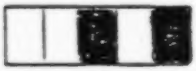

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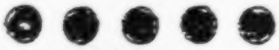

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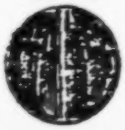

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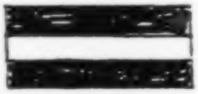

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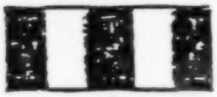

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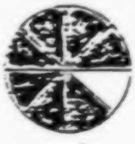

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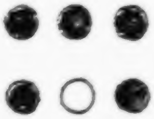

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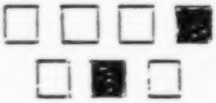

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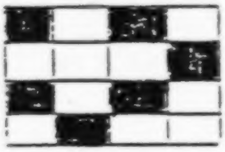
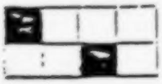


SELF - CHECK FOR . . .
LEARNING EXPERIENCE IV
FRACTIONS AND PARTS OF FRACTIONS

4 a. 4/3
10 b. 2/2
16 c. 6/16
6 d. 3/7
9 e. 5/5
3 f. 1/2
15 g. 2/7
14 h. 5/6
2 i. 1/4
11 j. 2/3
13 k. 7/8
12 l. 3/5
1 m. 2/8
5 n. 3/3
7 o. 1/5

1


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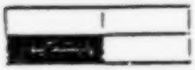

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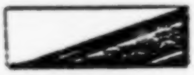

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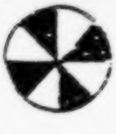

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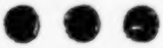

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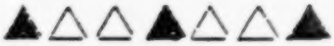

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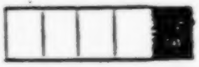

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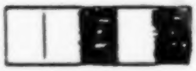

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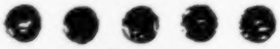

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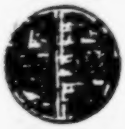

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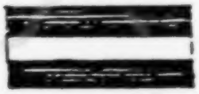

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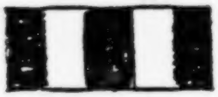

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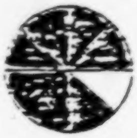

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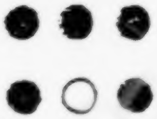

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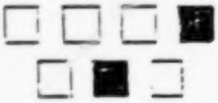

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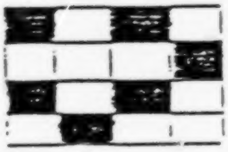


NOTES

Learning Experience V

PUTTING YOUR BUSINESS ARITHMETIC SKILLS TO WORK

Now that you have had practice in some basic arithmetic skills, you can put your knowledge to work. Before you begin, however, you must familiarize yourself with some more new terms. These new terms include:

MARK-UP - another word for profit. Mark-up equals the selling price of your product or service minus its cost to you.

COST PRICE - The price for an item by a person who wishes to sell that item again.

SELLING PRICE - The amount of money at which an item or service is sold.

MARK-UP

How can you find the amount of mark-up on an item? The solution to all problems in mark-up (profit) can be easily found by using a formula. Your basic arithmetic skills will come in handy in finding mark-up on an item.

EXAMPLE 1: What is the mark-up on an item that sells for $5.00 and costs the business owner $2.50?

SOLUTION: Use this formula: Mark-up = selling price - price
Mark-up = $5.00 - $2.50 = $2.50

EXAMPLE 2:

What is the PERCENTAGE of mark-up on an item that costs the business owner $10.00 and sells for $40.00?

SOLUTION:

Percent of mark-up $\frac{\text{Mark-up}}{\text{Cost}} = \frac{\$30}{\$10} =$ 300 percent

EXAMPLE 3:

What is the mark-up in dollars of an item selling for $80.00 with a mark-up of 40 percent?

SOLUTION:

Mark-up in dollars = selling price x percent of mark-up
Mark-up in dollars = $80.00 x 40% = $80.00 x .40 = $32.00

EXAMPLE 4:

What is the percent of profit (mark-up) of an itme that costs $2.50 and sells for $3.00?

SOLUTION:

Selling price - cost = profit. THEN profit / selling price

$3.00 - $2.50 = $.50 THEN .50 / $3.00 = 16.6 %

BUSINESS
MATH TEST
ROOM 140

PRACTICE PROBLEMS

1. What is the mark-up (profit) on an automobile that costs the dealer $8,050 but is sold for $10,000?

2. What is the mark-up on a bicycle that costs $120 and sells for $200?

3. What is the mark-up on an oak gun cabinet that costs $200 to build and sells for $380?

4. What is the mark-up on a can of soup that a grocer buys for $.33 and sells for $.40?

5. What is the percent of profit of an item that costs $5.00 and sells for $6.50?

6. What is the percentage of mark-up on a set of dishes that costs the store owner $50 and is sold for $150?

7. What is the percentage of mark-up on a set of encyclopedias that costs $100 and is sold for $150?

8. What is the percentage of mark-up on beef if it is produced for $.80 a pound and is sold for $1.80 a pound?

SELF-CHECK FOR . . .
LEARNING EXPERIENCE V

MARK - UP

ANSWERS

1. $1,950
2. $80
3. $180
4. $.07
5. 23 percent
6. 200 percent
7. 50 percent
8. 125 percent

NOTES

CHAPTER 7

Bookkeeping and Recordkeeping Operations

OBJECTIVES

CHAPTER SEVEN
BOOKKEEPING AND RECORDKEEPING OPERATIONS

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- DEFINE THE FOLLOWING FINANCIAL TERMS:
    - PROFIT
    - CREDITOR
    - ACCOUNT
    - PAYEE
    - VOID
    - DEBIT
    - CAPITAL
    - STATEMENT
    - REVENUE
    - EXPENSES
    - JOURNAL
    - PAYROLL
    - OVERAGE
    - EQUITY
    - GROSS
    - INCOME
    - COSTS
    - RECEIPTS
    - PAYER
    - ASSET
    - TAX
    - LEDGER
    - NET
    - DEPOSIT
    - DISBURSEMENT
    - MISCELLANEOUS
    - INCOME ACCOUNT
    - BALANCE SHEET
    - MERCHANDISE
    - LIABILITY
    - EQUITY
- COMPILE A LIST OF WEEKLY EXPENDITURES.
- EXPLAIN FOUR MAJOR SECTI[illegible] OF THE "DOME" BOOKKEEPING SYSTEM.

INTRODUCTION

Every small business operator must keep a record of transactions--money coming in from customers and money paid out for supplies, services, rent, and so on. This procedure is called "bookkeeping." Some business owners consult with professional bookkeepers, called "accountants," to get help in setting up a good bookkeeping system. After these entrepreneurs understand the system, they personally take care of all their own bookkeeping. Other businessmen and women hire an accountant to take care of their bookkeeping needs on a full-time basis.

BOOKKEEPING

First-time business operators and new entrepreneurs should keep their own books for at least a year, just to learn how to read and use books once the information has been recorded in them.

This chapter will introduce you to a simple, but effective, bookkeeping system. It will help take the mystery out of keeping a record of all your business transactions. You will learn how to set up and maintain your own books, manage the financial end of your business, and keep track of information required by tax laws.

Learning Experience I

DEVELOP A WORKING KNOWLEDGE OF FINANCIAL TERMS

A common reaction by entrepreneurs to bookkeeping is, "My accountant takes care of all that; I don't need to fool with it!" That attitude may be fine when reports to outside agencies are needed. It is a very poor attitude, however, for the internal workings of the business. Even though an entrepreneur may not choose to personally record all transactions, the small business operator MUST be familiar with financial and bookkeeping terms because:

1. Someone must decide WHAT information is to be recorded in the books.
2. Someone must decide HOW the information will be recorded.
3. Someone must decide WHERE the information will be recorded.

This "someone" must be the business operator. You will never have a successful business if you don't have the slightest idea about the financial information contained in your company's books. For that reason, you must learn some financial terms that relate to bookkeeping.

DIRECTIONS: Use a dictionary to find the meanings of the financial terms listed below.

1. Profit ________________________________
2. Revenue ________________________________
3. Costs ________________________________
4. Creditor ________________________________
5. Expenses ________________________________
6. Disbursement ________________________________
7. Receipts ________________________________
8. Journal ________________________________
9. Payer ________________________________
10. Payee ________________________________
11. Miscellaneous ________________________________
12. Income ________________________________
13. Payroll ________________________________
14. Void ________________________________
15. Merchandise ________________________________
16. Asset ________________________________
17. Overage ________________________________
18. Account ________________________________
19. Ledger ________________________________
20. Deposit ________________________________
21. Tax ________________________________
22. Capital ________________________________
23. Liability ________________________________
24. Balance sheet ________________________________

25. Income account ____________________

26. Debit ____________________

27. Gross ____________________

28. Net ____________________

29. Statement ____________________

30. Equity ____________________

SELF-CHECK FOR . . .

LEARNING EXPERIENCE I

DEVELOP A WORKING KNOWLEDGE OF FINANCIAL TERMS

Check your definitions of the bookkeeping terms on pages 142 and 143 by discussing the answers you found in the dictionary with your teacher. Compare your definitions with those written by your teacher.

NOTES

Learning Experience II

AN EFFECTIVE BOOKKEEPING SYSTEM

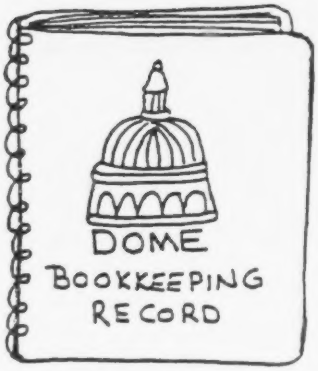
A bookkeeping system MUST be a part of your business operation. It is important that YOU understand the system so that you can manage your enterprise effectively.

A good bookkeeping system should be simple to use and geared to the needs of the owner. If your system is too difficult to use, you will have a tendency to forget or ignore it. For most small business owners, the system should be:

1. easy to understand,
2. adaptable to changing needs,
3. inexpensive,
4. easy to maintain,
5. handy and convenient to use.

Many business operators have a very sophisticated bookkeeping system. Some use computers as a tool to maintain a record of all their transactions. You don't need a system that is this complex, however, when establishing your business; a simple, basic method will do.

THE DOME BOOK



One simplified bookkeeping system used by small business owners is called the "Dome" book or Dome method. The Dome book can be purchased in the business supplies section of most discount, office supply, and variety stores for less than $10. The author of the Dome method is Nicholas Piccione, a certified public accountant and tax expert. Piccione designed the simplified Dome bookkeeping system to assist small business operators and professional people in keeping an accurate, inexpensive, and simple record of their business transactions. The Dome method also helps entrepreneurs keep an accurate record of tax deductions so they can meet the government's rules and regulations at tax-payment time each year.

The Dome book helps you with your bookkeeping by guiding you through the following tasks:

1. Keeping a record of income and expenses
2. Deciding which expenses are tax deductible
3. Figuring net profit for each week
4. Figuring net profit to date
5. Completing information needed for filing a federal income tax return
6. Keeping a payroll record for your employees
7. Remembering tax dates for state and federal reports

A special feature of the Dome book is its use of model, "filled-in" pages that give you an example of how to proceed in keeping a record of your transactions. This chapter contains sample pages from the Dome book. It is recommended, however, that you purchase a copy of the book so that you can become familiar with it before you start your business.

DIRECTIONS: The following page from the Dome book is titled, "DETAIL OF WEEKLY EXPENDITURES." The business owner kept a record of all expenses for the week of April 1. In each of the two columns, find the total amount spent during that week.

DETAIL OF WEEKLY EXPENDITURES

MDSE. AND MATERIALS PAID BY CASH AND CHECKS					OTHER EXPENDITURES BY CHECKS AND CASH					
DAY	TO WHOM PAID	CHECK NO.	AMOUNT		DAY	TO WHOM PAID	CHECK NO.	ACCT NO.	AMOUNT	
4-1	FREEDOM SUPPLY	111	57	00	4-1	STANDARD OIL	112	11	300	00
4-2	MICRONICS	113	400	00	4-2	HILL OFFICE EQUPT.	114	50	142	50
4-2	MERRICK BROTHERS	115	85	95	4-3	JANITOR SUPPLY	116	88	47	00
4-3	PAULSON & SON	117	53	40	4-4	KWIK PRINT	118	42	30	30
4-5	U.S. SALES	119	325	80	4-5	JONES TRANSPORT	120	86	99	95
TOTAL THIS WEEK					TOTAL THIS WEEK					

SELF-CHECK FOR . . .
LEARNING EXPERIENCE II

THE DOME BOOK

Do your totals match those at the end of the columns below? Note that the owner of the small business listed in the column headed "MDSE. AND MATERIALS" all expenditures for merchandise, materials, and supplies bought for resale. All other operating expenses are listed in the other column titled, "OTHER EXPENDITURES."

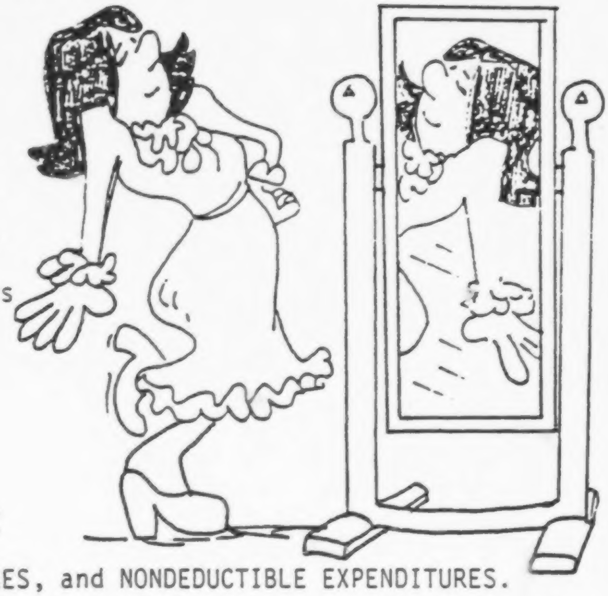
DETAIL OF WEEKLY EXPENDITURES

MDSE. AND MATERIALS PAID BY CASH AND CHECKS					OTHER EXPENDITURES BY CHECKS AND CASH					
DAY	TO WHOM PAID	CHECK NO.	AMOUNT		DAY	TO WHOM PAID	CHECK NO.	ACCT. NO.	AMOUNT	
4-1	FREEDOM SUPPLY	111	57	00	4-1	STANDARD OIL	112	11	300	00
4-2	MICRONICS	113	400	00	4-2	HILL OFFICE EQUPT.	114	50	142	50
4-2	MERRICK BROTHERS	115	85	95	4-3	JANITOR SUPPLY	116	88	47	00
4-3	PAULSON & SON	117	53	40	4-4	KWIK PRINT	118	42	30	30
4-5	U.S. SALES	119	325	80	4-5	JONES TRANSPORT	120	86	99	95
TOTAL THIS WEEK			922	15	TOTAL THIS WEEK				619	75

NOTES

Learning Experience III

THE DOME BOOKKEEPING SYSTEM



Cindy Vitale is the owner of the "Rosewood Dress Shop," which is located at the Richland Shopping Mall. For the past year, Cindy has used the Dome bookkeeping system to record all her business transactions. A page of Cindy's Dome book has been duplicated for you to review. Notice that it contains four major sections: TOTAL RECEIPTS FROM THE BUSINESS, PAYROLL, DEDUCTIBLE EXPENDITURES, and NONDEDUCTIBLE EXPENDITURES. At the top left corner of the page, a block has been titled, "TOTAL RECEIPTS FROM BUSINESS OR PROFESSION." Here Cindy has recorded each day's receipts (income) for the week of May 11. What was her total amount of income for that week?

TOTAL INCOME: ______________________________

Add this figure to last week's total to find the Rosewood Dress Shop's total amount of income to date.

TOTAL INCOME TO DATE: ______________________

Cindy keeps a record of all her tax deductible business expenses in the right-hand column titled, "EXPENDITURES." Note that this column is divided into TAX-DEDUCTIBLE EXPENDITURES AND NONTAX-DEDUCTIBLE EXPENDITURES. In the spaces on the next page, write six of the dress shop's tax-deductible expenditures.

1. ______________________ 4. ______________________

2. ______________________ 5. ______________________

3. ______________________ 6. ______________________

What is the total amount of tax-deductible expenses for the week of May 11?

TOTAL: ______________________

What has Cindy Vitale listed as her nondeductible expenses for this week?

NONDEDUCTIBLE EXPENSES:

1.______________________ 4. ______________________

2.______________________ 5. ______________________

3.______________________ 6. ______________________

PAYROLL

The fourth major part of the bookkeeping page is titled, "PAYROLL." Cindy employs a part-time assistant at the dress shop. Her name is Jody Hewitt. Jody is a student at the Seneca Valley high school and works from 5 p.m. to 8 p.m. on Wednesday through Friday, and all day Saturday. In the PAYROLL section of the Dome bookkeeping page, Cindy keeps a record of the money she pays to Jody. How much money did Cindy pay Jody for working the week of May 11? What three deductions were taken out of Jody's pay? List them below.

______________________, ______________________, ______________________

What was Jody's net pay at the end of the week? ________________

Write a sentence or two that explains the arithmetic you had to do to find Jody's NET pay for the week of May 11.

____

____

WEEK ENDED May 15 19 87

TOTAL RECEIPTS FROM BUSINESS OR PROFESSION

DAY			AMOUNT	
UN.				
MON.			204	90
TUES.			185	00
WED.			923	00
THUR.			401	00
FRI.			600	50
SAT.			356	00
TOTAL THIS WEEK				
TOTAL UP TO LAST WEEK			13,642	51
TOTAL TO DATE				

MEMO

ROSEWOOD DRESS SHOP

EXPENDITURES

ACCT. NO.	ACCOUNT	TOTAL THIS WEEK		TOTAL UP TO LAST WEEK		TOTAL TO DATE	
	DEDUCTIBLE						
1	MDSE.-MATERIALS	1,277	86	15,321	30		
2	ACCOUNTING			140	00		
3	ADVERTISING	27	50	150	40		
4	AUTO EXPENSE	25	40	167	30		
5	CARTONS, ETC.						
6	CONTRIBUTIONS			50	00		
7	DELIVERY EXP.	13	80	368	30		
8	ELECTRICITY			80	00		
9	ENTERTAINMENT			45	00		
10	FREIGHT & EXPR.	25	00	400	05		
11	HEAT	13	00	187	30		
12	INSURANCE	40	06	136	32		
13	INTEREST	2	49	30	24		
14	LAUNDRY						
15	LEGAL EXPENSE	26	50	75	00		
16	LICENSES						
17	MISC. EXP.	20	91	125	65		
18	OFFICE EXP.	59	10	210	85		
19	POSTAGE			50	15		
20	RENT			350	00		
21	REPAIRS	101	21	14	95		
22	TAX — SALES			311	25		
23	TAX — SOC. SEC.			80	00		
24	TAX — STATE U. I.			25	05		
25	TAX — OTHER			56	08		
26	SELLING EXP.			24	00		
27	SUPPLIES	50	50	47	33		
28	TELEPHONE			166	21		
29	TRADE DUES, ETC.			25	00		
30	TRAVELING EXP.			50	00		
31	WAGES & COMM.	333	56	2,450	45		
32	WATER						
33							
34							
35							
	SUB-TOTAL						
	NON-DEDUCTIBLE						
51	NOTES PAYABLE						
52	FEDERAL INC. TAX			200	00		
53	LOANS PAYABLE	50	00	400	00		
54	LOANS RECEIV.						
55	PERSONAL	100	00	1,300	00		
56	FIXED ASSETS						
57							
	TOTAL THIS WEEK						
	TOT. UP TO LAST WK.						
	TOTAL TO DATE						

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PAYROLL

EMPLOYEE	TOTAL WAGES		DEDUCTIONS				NET PAID	
			SOC. SEC.	FED. INC. TAX	STATE INC. TAX			
HEWITT	250	00	12.40	26-	5.00			

DIRECTIONS: Help Cindy find her TOTAL EXPENDITURES TO DATE by adding THIS WEEK'S total expenses to the TOTAL UP TO LAST WEEK. Put your answers in the column below.

TOTAL EXPENDITURES TO DATE

1. MDSE.- MATERIALS		
2. ACCOUNTING		
3. ADVERTISING		
4. AUTO EXPENSES		
5. CARTONS, ETC.		
6. CONTRIBUTIONS		
7. DELIVERY EXPENSES		
8. ELECTRICITY		
9. ENTERTAINMENT		
10. FREIGHT AND EXPR.		
11. HEAT		
12. INSURANCE		
13. INTEREST		
14. LAUNDRY		
15. LEGAL EXPENSES		
16. LICENSES		
17. MISC EXP.		
18. OFFICE EXP.		
19. POSTAGE		
20. RENT		
21. REPAIRS		
22. TAX - SALES		
23. TAX - SOC.SEC.		
24. TAX - STATE U.I.		
25. TAX - OTHER		
26. SELLING EXP.		
27. SUPPLIES		
28. TELEPHONE		
29. TRADE DUES		
30. TRAVELING EXP.		
31. WAGES AND COMM.		
32. WATER		

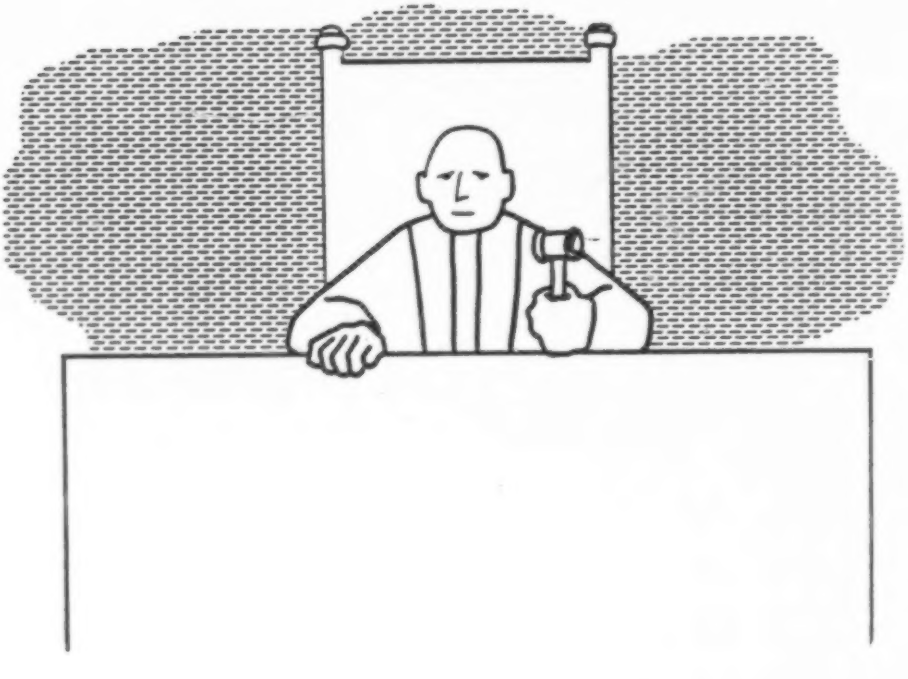
SELF-CHECK FOR . . .
LEARNING EXPERIENCE III
THE DOME BOOKKEEPING SYSTEM

Check your progress on bookkeeping operations by comparing your answers with those in your instructor's workbook.

NOTES

CHAPTER 8

What Are Your Legal Responsibilities?



OBJECTIVES

CHAPTER EIGHT
WHAT ARE YOUR LEGAL RESPONSIBILITIES?

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- NAME THREE LEGAL FORMS OF BUSINESS OWNERSHIP.
- LIST ADVANTAGES OF A SOLE PROPRIETORSHIP.
- LIST DISADVANTAGES OF A SOLE PROPRIETORSHIP.
- EXPLAIN WHY LEGAL HELP IS NEEDED BY BUSINESS OWNERS.
- LIST REASONS FOR USING BUSINESS CONTRACTS.
- DEFINE THE FOLLOWING TERMS:
  PATENT COPYRIGHT TRADEMARK
- COMPILE A LIST OF RISKS THAT BUSINESSES FACE.
- LIST THE MOST COMMON TYPES OF BUSINESS CRIME.
- EXPLAIN HOW TO INSURE A BUSINESS AGAINST LOSS.
- COMPILE A LIST OF TAXES WHICH BUSINESSES MUST PAY.

INTRODUCTION

HEWITT
SLOAN
&
MASON
ATTORNEYS

As the owner of a small business, you will deal with many legal issues. Some of these may involve getting a patent on your business product or service, leasing a space for your store from a landlord, registering a fictitious name for your business, or learning about the legal rights of employees who will work for you.

You have already become aware of the many responsibilities involved in operating an enterprise of your own. These duties leave little time for you to spend on business law. The importance of legal issues involved in your enterprise, however, cannot be neglected. The business owner who does not learn the basics of business law and avoids getting advice from a good lawyer may lose all that he or she worked so hard to build.

This chapter will familiarize you with some basic legal issues you may face as a business owner. You will learn how to protect your business; how to secure information from advisers on zoning laws; product and service liability; and licensing permits. You will also learn to identify your personal and professional legal obligations as you operate on a day-to-day basis. By becoming familiar with these basic legal issues, you should reduce the risks that face every entrepreneur in business transactions throughout the year.

Learning Experience I

OWNERSHIP OF A BUSINESS

There are three main legal forms of business ownership:

1. sole (single) proprietorship
2. partnership
3. corporation

The sole, or single, proprietorship makes up about 78 percent of all businesses in the United States. It is ideally suited to entrepreneurs who are just starting out in business because it is the simplest form of business organization. As a sole proprietor, you and your business have no separate legal distinction. Its liabilities are YOUR liabilities. You take all the risks, and the business ends only when you decide to end it or in the event of your death.

The sole proprietorship, like most things, has advantages and disadvantages. The advantages are:

1. it is easy to start and has low costs and few legal complications,
2. all profits go to the owner,
3. YOU are your own boss,
4. tax savings,
5. freedom from regulations,
6. it is easy to stop; you can end your business at any time.

The disadvantages of a sole or single proprietorship are:

1. you are responsible for ALL debts of the business,
2. it is often difficult to raise money to fund the business,

3. it can be difficult to find and keep employees because employees will always be employees with no opportunities to manage or share business profits.

QUESTIONS:

1. List three legal forms of business ownership.

____

____

____

2. What are the ADVANTAGES of a sole proprietorship?

____

____

____

____

____

____

3. What are the DISADVANTAGES of a sole proprietorship?

____

____

____

____

SELF-CHECK FOR . . .

LEARNING EXPERIENCE I

OWNERSHIP OF A BUSINESS

1. Sole (or single) proprietorship

   partnership

   corporation

2. it is easy to start and has low costs and few legal complications

   all profits go to the owner

   you are your own boss

   tax savings

   freedom from regulations

   it is easy to stop; you can end your business at any time

3. you are responsible for ALL debts of the business

   it is often difficult to raise money to fund the business

   it can be difficult to find and keep employees because employees will always be workers with no opportunities to manage and share business profits

NOTES

Learning Experience II

SELECTING AN ATTORNEY

All entrepreneurs must have legal assistance from time to time. An attorney can provide this for you in many ways--from helping you decide which form of business organization is best for you (proprietorship, partnership, or corporation) to defending you in court if someone sues you for damages that result from a business transaction.

HEWITT
SLOAN
&
MASON
ATTORNEYS

An attorney can help you change the form of organization of your business from a sole proprietorship to a corporation, for example, after your enterprise has grown in size and complexity. He or she can also help you understand legal documents like contracts, leases on property, or mortgage agreements on a place of business you have purchased. You will feel more comfortable signing your name to these documents if your legal representative has reviewed them and found them to favor YOUR interests and business goals. You can find legal help from attorneys or lawyers who specialize in business law by talking to other business owners in your community or by talking to the lending agent at your bank. These people are part of the business community and usually want to see you succeed in your business venture; after all, your success becomes THEIR success. They know that good legal representation for your business will mean fewer problems for them in the future.

CONTRACTS

During the course of your business career, you will sign many contracts. A contract is a written agreement between you and another person or persons that can be enforced by law. Read the following description of Marie Sanchez to learn how a contract works.

****

Marie Sanchez recently established a landscape maintenance business in her hometown of Shelby, New York. Her attorney, Joanne Bradley, advised Marie to start the business as a sole proprietorship. Marie, therefore, owns the business and will have exclusive rights to it.

Marie has a contract with most of her clients in town. Each client promises to pay Marie and her assistants $20 an hour for lawn care, tree trimming, shrub clipping, and so on. Marie, in turn, promises to perform these services at that fee. When money is involved, as it is in Marie's situation, contracts are put in writing. This way, both parties know the terms of the agreement, and both parties are legally bound by them.

Your attorney should look over any contracts you decide to use in your business to make certain that their language is clear and complete. However, YOU should know the basics of contracts too, just in case you face problems in the future.

Sam Trexler is one of Marie's clients. Two of Marie's assistants have been taking care of Sam's three acres of lawn for four months. Sam, however, has not paid Marie for the service and has not called Marie to explain why he has not paid his bill. His debt to the landscaping service is $250. Marie will call Sam to remind him that his payment is late. However, if Sam refuses to pay, Marie can legally confront him in small claims court, where she will show the judge the contract that both she and Sam signed. The judge will instruct Sam to pay Marie $250, PLUS any additional money the court action required.

From this example, you can see how a written contract protects Marie's business from failing as a result of customers who will not pay their bills. Keep in mind, however, that a contract ALSO protects Marie's clients from HER failure to provide the agreed-upon service. If Marie decided to charge $25 an hour for lawn maintenance, her clients could legally refuse to pay the extra $5, since the contract states, in writing, that services will be rendered for $20 an hour. If Marie wants to raise her fees to $25 per hour, each client must be asked to consider the price increase, then be given an opportunity to sign a new contract.

PROTECTING YOUR BUSINESS IDEA

Your business venture may involve the creation of a new product or service. Some examples of this are the "Slinky" spring-action toy, the "Waring" food blender, the "Mary Pop-Ins" home cleaning service, and the Sears Craftsman "Quick-Release" socket wrench.

If your business idea is an original creation, you may want to take steps to protect it through a patent, a trademark, a service mark, or a copyright.

PATENTS - A patent can be obtained on new machines, designs, and processes. The patent would give you exclusive rights to make, use, and sell your idea for several years.

COPYRIGHT - A copyright is usually granted on a work of literature. You may want to copyright an advertisement, a brochure, or a catalog. A copyright lasts for your lifetime, PLUS fifty years.

TRADEMARKS - Words or symbols that identify a product are known as "trademarks." Some familiar examples are "Jello," "Ford," "Pepsi," and "Kleenex." Trademarks are registered. This prevents other people from using them for a period of twenty year.

Patents and trademarks are issued by the Commissioner of Patents, U. S. Department of Commerce, Washington, D. C.

You may apply for a copyright through the Copyright Office of the Library of Congress, also in Washington, D. C.

DIRECTIONS: Read the following description of Joe Bates and answer the questions at the end of the paragraph.

Joe Bates has been thinking about starting his own business for some time. He has been working at the pro shop at the Lakeside Country Club for several years and knows a lot about the operation of the business.

Joe has sketched out a fairly good business plan for opening his own golf equipment shop across the road from the country club. There is no competition for miles around, a building is already in place on the property, and Joe has invented a new type of golf ball that can't be lost by the worst golfer, since the ball "beeps" when the golfer points a battery-operated antenna at it.

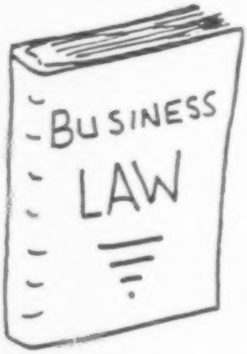
QUESTIONS:

1. Outline a procedure for Joe to follow to find a lawyer who can advise him in the purchase of the property across from the golf course.
2. Write a list of steps Joe must follow to get a patent on his "lose-proof" golf ball. You will need the help of your school's library to solve this one.
3. Explain how a contract will help Joe when he finds a golf-ball company that agrees to manufacture his invention.

NOTES

Learning Experience III

LAWS THAT AFFECT THE SMALL BUSINESS OWNER



The laws that affect you will vary, depending on the kind of business you operate. If, for example, you decide to open an auto-body repair shop, certain environmental protection laws will apply to your enterprise. You may not be allowed to vent paint fumes directly into the outside air without filtering them first. You certainly will not be allowed to dump used paint thinners directly into the town's sewage system because of laws that protect the water supply in the area.

One of the things that you must do as an owner of a business is to check out the kinds of laws you will need to obey. A few of the basic laws follow.

1. As a business operator, you must register your new enterprise with the Internal Revenue Service of the federal government. A standard from is available to you from the IRS office. The form is SS-4, Application for Employer Identification Number. While you are at the IRS office, you should also pick up a business tax kit. Information in the kit will tell you more about the various taxes that you will be required to pay. After you register your business, the government will assign an identification number to it. This number must be shown on all of your business tax returns. In Pennsylvania, you are also required to display this number at your place of business. It lets your customers know that you are operating a registered, legal business.

2. Do you know what licenses and permits are needed before you can run your business legally? Perhaps you are thinking of opening a hairstyling salon to earn a living with the skills you learned at your vocational school. If so, certain licenses will be required. The government agency that regulates hairstyling salons and barber shops will also want to inspect your place of business to make sure you are following all the rules for cleanliness, sanitation, and customer care. Be prepared to pay a fee to obtain your license once the inspection agency allows you to apply for it.

Perhaps you are thinking of opening a fast-food service that sells sandwiches and soft drinks. If so, a license must be obtained and an inspection will be required. If you are not sure if your business needs licensing or inspection, you should call your attorney and ask her to find answers to these questions.

3. You must consider the laws that regulate hiring employees to help you run your business. If you plan to hire people to assist you, you must obtain an employer's social security identification number. This number is available through the Internal Revenue Service. Though you will be assigned just a "number," it really represents a "license" to have employees working for you.

Pennsylvania has a sales tax of 6 percent. You may apply for another "number," which, again, is a type of license that allows you to buy supplies without paying a tax on them. Since you will be selling the supplies to other people in the process of doing business, you will charge YOUR customers the tax on the supplies. Periodically during the year (quarterly, monthly, or semiannually), you must pay these taxes to the Pennsylvania Bureau of Revenue in Harrisburg.

Your business must also measure up to local zoning laws. For example, you would not be allowed to open and operate a hairstyling shop in the middle of a residential neighborhood. You must find a building that has a "commercial" or "business" zoning. Your place of business must also conform to local building codes to protect both you and your customers from dangers of fire and health hazards.

As you think of a business idea, you may want to know what businesses require licenses in addition to all the other local zoning and building laws. A list of these follows.

- hotels
- motels
- restaurants and food establishments
- dry-cleaners and laundromats
- liquor stores
- general merchandise stores
- taxi and bus operators
- insurance companies
- dealers and distributors
- barber shops, hairstyling salons, and beauty shops

DIRECTIONS: What laws affect the business you want to operate?

Answer each of the following by putting a checkmark beside YES or NO.

//YES //NO Do you know if your business will need a license?

//YES //NO Do you know what business laws you must obey?

//YES //NO Do you know what police regulations apply to your business?

//YES //NO Do you know what health regulations apply to your business?

//YES //NO Do you know a lawyer who can help you find answers to your legal questions?

//YES //NO Do you know what state laws you must obey?

//YES //NO Do you know what federal laws you must obey?

//YES //NO Have you made application to your county clerk to register your business name?

//YES //NO Are you going to use a "fictitious" name for your business?

//YES //NO Do you know how to register a "fictitious" name?

//YES //NO Do you need an employer identification number?

//YES //NO Have you made application for your sales tax I. D. number?

//YES //NO Will you need to write contracts for operating your business?

NOTES

Learning Experience IV

PROTECTING YOUR BUSINESS

By now you will agree that owning and operating a business requires a lot of homework and a lot of "legwork." In addition to this, you should also be aware of the financial investment for which you are responsible. You will have money invested in legal advice. You will have paid for supplies and merchandise for starting your enterprise. You may have been required to buy equipment, tools, furniture, and materials to begin manufacturing your product or providing your service. All these investments should be listed in your business plan. Chances are, you can turn to the plan and see--in dollars and cents--just how much time and money you have spent in the start-up of your new venture.

It is natural, therefore, to want to protect your hard work. You will want to minimize your risks of losing all that you have worked so hard to build. Although you will not be able to avoid ALL the risks your business faces, you can take steps to protect your enterprise against losses. Big losses to fire, theft, and crime (vandalism) will cost you money. If your loss is great enough, you may lose the entire business.

A business faces many risks, and you should be aware that there is no way to avoid all of them. As an entrepreneur, you must be able to identify the kinds of risks that your business will face. The auto-body repair person, for example, must consider the huge risk of fire to the business because of the flammable substances that are used in the daily performance of the job. The person who operates a hairstyling salon must be aware of the risk of accepting a "bad" check or a lawsuit from a customer who claims bodily injury from chemicals and incompetence from the hairstylist.

The most common types of business crime are the following:

- burglary and robbery
- shoplifting
- employee theft
- bad checks
- vendor theft

Other common risks entrepreneurs face include the following:

- fire
- floods, storms, and other natural disasters
- personal injury claims
- product liability claims
- losses due to customer debts

One way entrepreneurs can minimize losses is by buying insurance. You should keep in mind, however, that insurance doesn't remove the risk--it only covers the cost of damages.

SPOR G GOODS

Some risks can be insured; others can't. You can insure your business against damage from fire, theft, or an accident that occurs on your business property.

You cannot buy insurance that covers your losses due to a change in economic conditions in your area, or from competition or bad management practices.

Insurance is a protection plan that helps reduce financial risk. In addition to preventing financial loss, insurance helps reduce worry and lets you use the money you may be saving to replace a business loss for other investments.

Some entrepreneurs don't want to buy insurance because of its high cost. They argue that it is impossible to insure against everything that threatens their business operations. These men and women either try to withstand the losses themselves, or they transfer the risk to others. They lease their business property, the equipment, and tools and depend on the leasing agent to carry insurance on the entire operation.

Ask your attorney to recommend an insurance broker who will be able to advise you on the type and amount of insurance your business needs. Find out how much protection will cost. The price may be high. Without insurance, however, you could lose your business AND everything else you own. REMEMBER: as a sole proprietor, you and your business do NOT have separate identities. Its losses are YOUR losses. If you lose a lawsuit, you may also lose your car AND your home AND your future income.

It is advisable, therefore, for you to choose an insurance plan that is tailored to your specific needs.

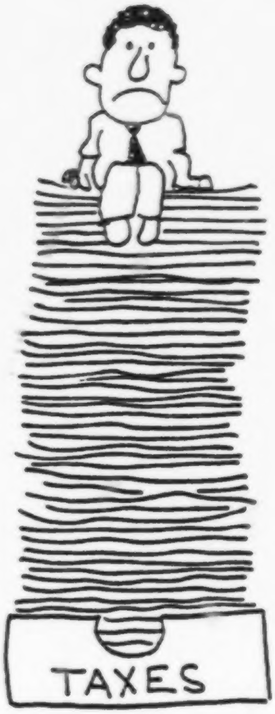
Finally, keep in mind that insurance is just a part of a complete protection plan for your new business. You must also have sound business management practices to protect your investment and your future.

DIRECTIONS: On a piece of paper, write the kind of business you are going to operate. List all the potential risks that the business faces. Next, explain how you plan to minimize those risks. Place a star beside the risks that can be covered by insurance.

NOTES

Learning Experience V

TAXES



Anyone who owns a business must pay taxes. Your business, regardless of the type of product you make or the service you offer, will be required to pay local, state, and federal taxes.

FEDERAL TAXES - must be paid on your income from the profits of the business. If you have employees, you both will share in the payment of social security tax. You will also be required to withhold part of their wages for payment of federal income tax. The IRS office near your town or city can give you the dates and times when these taxes must be paid. Failure to pay these taxes before the deadline will result in more tax, a cash penalty, and, in extreme cases, a prison sentence.

STATE AND LOCAL TAXES - The most common taxes in this category are income tax, property tax, sales tax, and unemployment security tax.

Taxes are very complex and difficult to understand. To make matters worse, the rules for tax payment change from time to time. Although you must be aware of the kinds of taxes you have to pay as you operate your business, you should hire the services of a tax adviser. The accountant you choose to perform your bookkeeping operations should be knowledgeable about tax law. Advice from experts in the tax field can prevent you from making expensive mistakes. If your bookkeeper is also a tax expert, you can reduce the amount of money you pay for expert advice and also avoid unnecessary worry at tax-payment time.

As a manager of a business, you may be responsible for paying some or all of the following taxes:

- individual income tax
- excise tax (for manufacturers and retailers)
- employment tax
- social security tax
- occupational tax
- sales tax
- property tax
- worker's compensation insurance premiums
- school tax
- city tax
- business auto or truck license and inspection tax
- capital stock tax

Your role as a business owner requires you to manage taxes in two ways. First, you COLLECT taxes by setting aside money from business profits and employee wages. Second, you PAY these taxes to the local, state, and federal governments.

DIRECTIONS: Contact the Internal Revenue Service office nearest you. Ask for a copy of the employer's tax guide.

NOTES

CHAPTER 9

Asking for Help from Professional Advisors

OBJECTIVES

CHAPTER NINE
ASKING FOR HELP FROM PROFESSIONAL ADVISORS

AFTER SUCCESSFUL COMPLETION OF THE READING AND ACTIVITIES IN THIS CHAPTER, YOU WILL BE ABLE TO:

- OBTAIN ASSISTANCE AND INFORMATION FROM THE PENNSYLVANIA SMALL BUSINESS ACTION CENTER.
- LIST FOUR "TESTS" YOUR ENTERPRISE MUST PASS BEFORE IT CAN QUALIFY FOR ASSISTANCE FROM THE U.S. SMALL BUSINESS ADMINISTRATION.
- COMPILE A LIST OF BUSINESS MANAGEMENT AIDS AVAILABLE FROM THE U.S. SMALL BUSINESS ADMINISTRATION.
- EXPLAIN THE PROCEDURE FOR REQUESTING FREE BUSINESS MANAGEMENT AIDS FROM THE U.S. SMALL BUSINESS ADMINISTRATION.
- NAME SEVERAL LOCAL, STATE AND NATIONAL ORGANIZATIONS THAT PROVIDE ASSISTANCE TO ENTREPRENEURS.
- LIST REFERENCE BOOKS THAT PROVIDE INFORMATION ABOUT OWNING AND OPERATING A SMALL BUSINESS.

INTRODUCTION

Most entrepreneurs find that, from time to time, they need the help of professional business advisers. You have already learned how professionals in the legal and accounting fields can assist you in the daily management of your enterprise. You will be happy to know that there are many other friendly people who are ready and able to answer your questions and find solutions to your business problems.

Chapter Nine contains information that will help you locate advice from experienced businessmen and women. As you read this chapter, it may become evident that some business advisers are your neighbors in the local community. The Small Business Development Center, for example, is housed at Clarion University of Pennsylvania--just a few miles from your school or vocational classroom. Still other advisers can be contacted in Harrisburg, Pennsylvania's capital city. Best of all, these people are just a phone call away!

Whether you choose to find business help close to your enterprise or far away, keep in mind that NONE of these advisers can help you unless YOU call THEM. Don't be afraid to use the telephone. You may feel awkward talking to business professionals at first, but this feeling soon will be replaced by confidence as you learn to communicate your needs to them.

Learning Experience I

THE SMALL BUSINESS ACTION CENTER

The Small Business Action Center is the place where you, as a new business person, can find answers and solutions to business questions and problems.

One telephone call can usually put you on the right track toward the information you need.

The center was established in 1980 by Governor Richard Thornburg and is designed to give you prompt answers and thorough, courteous assistance.

The Small Business Action Center offers the following services to you.

1. Information about government regulations pertaining to your special business venture
2. An explanation of the taxes you must collect and pay
3. A full inventory of forms and applications you need to begin and maintain your business
4. A list and description of funding sources at the private, local, state, and federal levels. The Small Business Action Center is NOT equipped to provide you with financing, but it CAN supply you with the information and guidance you need to apply for financial help.
5. Help in finding answers to business-related problems and complaints with state agencies
6. Information on technical and managerial training and counseling services in the areas of accounting, marketing, and production
7. Information, assistance, and guidance to help business people begin or facilitate the export of their products.

The Small Business Action Center was established for the purpose of helping YOU. Feel free to contact the center's staff whenever, and as often as, you wish. The phone number at the center is (717) 783-5700. The address is P. O. Box 8100, Harrisburg, Pennsylvania, 17105.

DIRECTIONS: Call the Small Business Action Center in Harrisburg, Pennsylvania, at (717) 783-5700. Tell the business adviser that you are thinking about starting your own business and would like to have a copy of a new business start-up packet of information. BEFORE YOU CALL THE CENTER, FILL IN THE FOLLOWING INFORMATION.

YOUR NAME ______________________________

YOUR CURRENT ADDRESS ______________________

____

____

____

TYPE OF BUSINESS YOU WANT TO OPERATE __________

____

____

YOUR TELEPHONE NUMBER(S)

Home: Area Code ( ) ____________
number

Work: Area Code ( ) ____________
number

NOTES

Learning Experience II

THE U. S. SMALL BUSINESS ADMINISTRATION

The U. S. Small Business Administration (SBA) was established in 1953 to serve as a federal agency to promote small business development and growth. You can receive assistance from SBA if your enterprise qualifies as a small business. To qualify, your business must pass these four tests.

1. It must be independently owned and operated.
2. It must NOT be dominant in its field of specialization.
3. Its employees, annual gross income, assets, net worth, and net income does not exceed a specified number of dollars (you must call the SBA to find the current figure).
4. It must not be eligible for assistance from other state and federal programs. (This prevents business operators from receiving more than their fair share of financial, management, and procurement help.)

Direct monetary loans of up to $100,000 can be made by the SBA to a small business if that business cannot get funding from other private financial institutions.

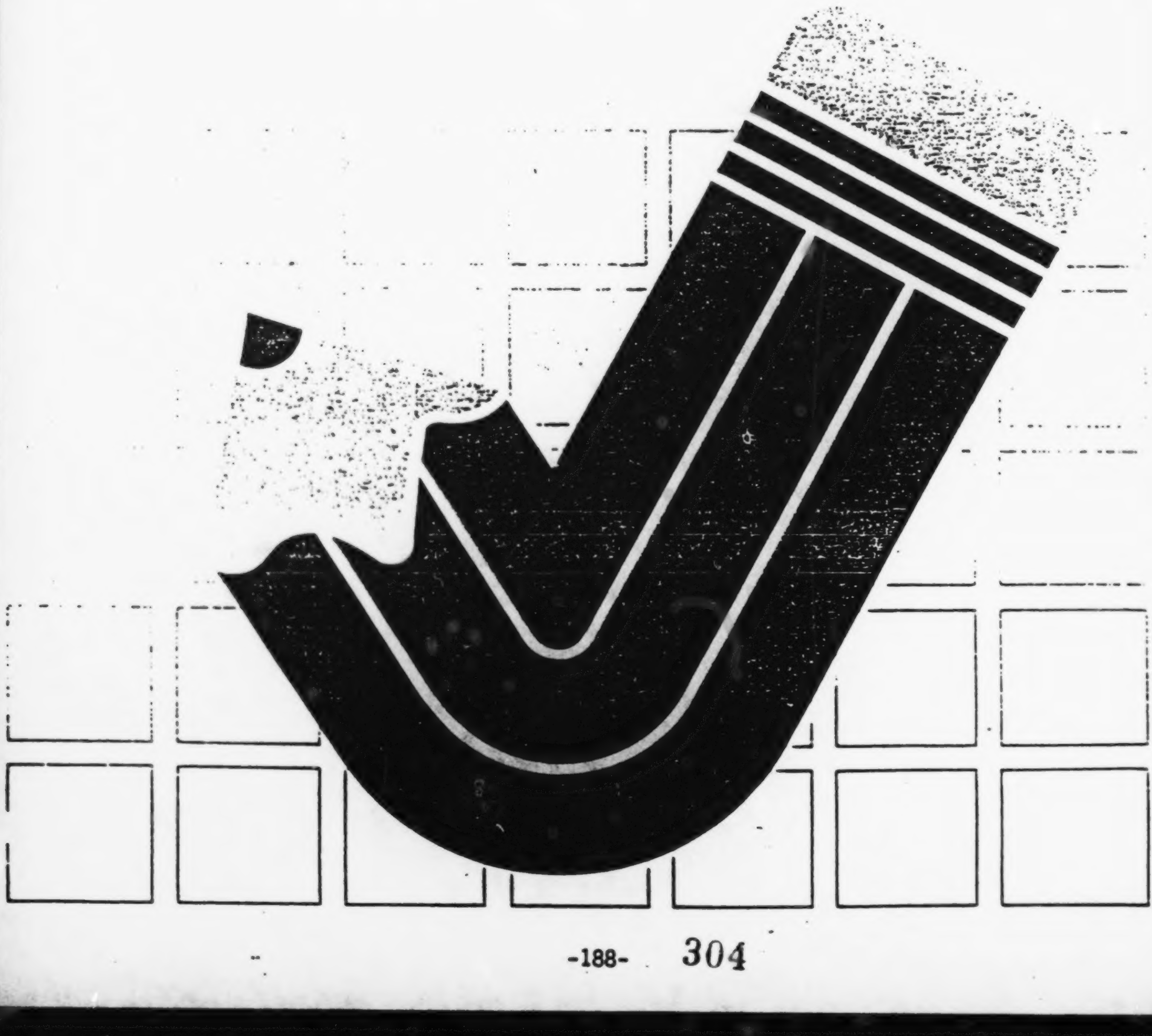
The Small Business Administration has many pamphlets and brochures for entrepreneurs and businessmen and women. These booklets offer advice and assistance on a variety of topics. One series is titled, "Management Aids." A sample management aid titled, "Checklist for Going Into Business," is included in this learning experience as an example of the information that is available to you.

U.S. Small Business Administration
Office of
Business Development

Management Aids
Number 2.016

SBA

Checklist for Going Into Business



Summary

Thinking of owning and managing your own business? It's a good idea—provided you know what it takes and have what it takes.

Starting a business is risky at best; but your chances of making it go will be better if you understand the problems you'll meet and work out as many of them as you can before you start.

Here are some questions and worksheets to help you think through what you need to know and do. Check each question if the answer is YES. Where the answer is NO, you have some work to do.

Before You Start

How about You?

Are you the kind of person who can get a business started and make it go? (Before you answer this question, use worksheet number 1.) ______
Think about *why* you want to own your own business. Do you want to badly enough to keep you working long hours without knowing how much money you'll end up with? ______
Have you worked in a business like the one you want to start? ______
Have you worked for someone else as a foreman or manager? ______
Have you had any business training in school? ______
Have you saved any money? ______

How about the money?

Do you know how much money you will need to get your business started? (Use worksheets 2 and 3 to figure this out.) ______
Have you counted up how much money of your own you can put into the business? ______
Do you know how much credit you can get from your suppliers—the people you will buy from? ______
Do you know where you can borrow the rest of the money you need to start your business? ______
Have you figured out what net income per ear you expect to get from the business? Count your salary and your profit on the money you put into the business. ______
Can you live on less than this so that you can use some of it to help your business grow? ______
Have you talked to a banker about your plans? ______

How about a partner?

If you need a partner with money or know-how that you don't have, do you know someone who will fit—someone you can get along with? ______
Do you know the good and bad points about going it alone, having a partner, and incorporating your business? ______
Have you talked to a lawyer about it? ______

How about your customers?

Do most businesses in your community seem to be doing well? ______
Have you tried to find out whether stores like the one you want to open are doing well in your community and in the rest of the country? ______
Do you know what kind of people will want to buy what you plan to sell? ______
Do people like to live in the area where you want to open your store? ______
Do they need a store like yours? ______
If not, have you thought about opening a different kind of store or going to another neighborhood? ______

(Questions continue after Worksheets No. 1 and 2.)

Worksheet No. 1

Under each question, check the answer that says what you feel or comes closest to it. Be honest with yourself.

Are you a self-starter?

☐ I do things on my own. Nobody has to tell me to get going.
☐ If someone gets me started, I keep going all right.
☐ Easy does it. I don't put myself out until I have to.

How do you feel about other people?

☐ I like people. I can get along with just about anybody.
☐ I have plenty of friends—I don't need anyone else.
☐ Most people irritate me.

n you lead others?

☐ I can get most people to go along when I start something.
☐ I can give the orders if someone tells me what we should do.
☐ I let someone else get things moving. Then I go along if I feel like it.

Can you take responsibility?

☐ I like to take charge of things and see them through.
☐ I'll take over if I have to, but I'd rather let someone else be responsible.
☐ There's always some eager beaver around wanting to show how smart he is. I say let him.

How good an organizer are you?

☐ I like to have a plan before I start. I'm usually the one to get things lined up when the group wants to do something.
☐ I do all right unless things get too confused. Then I quit.
☐ You get all set and then something comes along and presents too many problems. So I just take things as they come.

How good a worker are you?

☐ I can keep going as long as I need to. I don't mind working hard for something I want.
☐ I'll work hard for a while, but when I've had enough, that's it.
☐ I can't see that hard work gets you anywhere.

Can you make decisions?

☐ I can make up my mind in a hurry if I have to. It usually turns out O.K., too.
☐ I can if I have plenty of time. If I have to make up my mind fast, I think later I should have decided the other way.
☐ I don't like to be the one who has to decide things.

Can people trust what you say?

☐ You bet they can. I don't say things I don't mean.
☐ I try to be on the level most of the time, but sometimes I just say what's easiest.
☐ Why bother if the other fellow doesn't know the difference?

Can you stick with it?

☐ If I make up my mind to do something, I don't let anything stop me.
☐ I usually finish what I start—if it goes well.
☐ If it doesn't go right away, I quit. Why beat your brains out?

How good is your health?

☐ I never run down!
☐ I have enough energy for most things I want to do.
☐ I run out of energy sooner than most of my friends seem to.

Now count the checks you made.

How many checks are there beside the first answer to each question? ________
How many checks are there beside the second answer to each question? ________
How many checks are there beside the third answer to each question? ________

If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself. Better find a partner who is strong on the points you're weak on. If many checks are beside the third answer, not even a good partner will be able to shore you up.

Now go back and answer the first question.

Worksheet No. 2

Estimated Monthly Expenses em	Your estimate of monthly expenses based on sales of $ ________ per year Column 1	Your estimate of how much cash you need to start your business (See column 3.) Column 2	What to put in column 2 (These figures are typical for one kind of business. You will have to decide how many months to allow for in your business.) Column 3
Salary of owner-manager	$	$	2 times column 1
All other salaries and wages			3 times column 1
Rent			3 times column 1
Advertising			3 times column 1
Delivery expense			3 times column 1
Supplies			3 times column 1
Telephone and telegraph			3 times column 1
Other utilities			3 times column 1
Insurance			Payment required by insurance company
Taxes, including Social Security			4 times column 1
Interest			3 times column 1
Maintenance			3 times column 1
gal and other professional fees			3 times column 1
Miscellaneous			3 times column 1
Starting Costs You Have to Pay Only Once			Leave column 2 blank
Fixtures and equipment			Fill in worksheet 3 and put the total here
Decorating and remodeling			Talk it over with a contractor
Installation of fixtures and equipment			Talk to suppliers from who you buy these
Starting inventory			Suppliers will probably help you estimate this
Deposits with public utilities			Find out from utilities companies
Legal and other professional fees			Lawyer, accountant, and so on
Licenses and permits			Find out from city offices what you have to have
Advertising and promotion for opening			Estimate what you'll use
Accounts receivable			What you need to buy more stock until credit customers pay
Cash			For unexpected expenses or losses, special purchases, etc.
er			Make a separate list and enter total
Total Estimated Cash You Need To Start		$	Add up all the numbers in column 2

Getting Started

Your building

Have you found a good building for your store? ______
Will you have enough room when your business gets bigger? ______
Can you fix the building the way you want it without spending too much money? ______
Can people get to it easily from parking spaces, bus stops, or their homes? ______
Have you had a lawyer check the lease and zoning? ______

Equipment and supplies

Do you know just what equipment and supplies you need and how much they will cost? (Worksheet 3 and the lists you made for it should show this.) ______
Can you save some money by buying second-hand equipment? ______

Your merchandise

Have you decided what things you will sell? ______
Do you know how much or how many of each you will buy to open your store with? ______
Have you found suppliers who will sell you what you need at a good price? ______
Have you compared the prices and credit terms of different suppliers? ______

Your records

Have you planned a system of records that will keep track of your income and expenses, what you owe other people, and what other people owe you? ______
Have you worked out a way to keep track of your inventory so that you will always have enough on hand for your customers but not more than you can sell? ______
Have you figured out how to keep your payroll records and take care of tax reports and payments? ______
Do you know what financial statements you should prepare? ______
o you know an accountant who will help you with your records and financial statements? ______

Your store and the law

Do you know what licenses and permits you need? ______
Do you know what business laws you have to obey? ______
Do you know a lawyer you can go to for advice and for help with legal papers? ______

Protecting your store

Have you made plans for protecting your store against thefts of all kinds—shoplifting, robbery, burglary, employee stealing? ______
Have you talked with an insurance agent about what kinds of insurance you need? ______

Buying a business someone else has started

Have you made a list of what you like and don't like about buying a business someone else has started? ______
Are you sure you know the real reason why the owner wants to sell this business? ______
Have you compared the cost of buying the business with the cost of starting a new business? ______
Is the stock up to date and in good condition? ______
Is the building in good condition? ______
Will the owner of the building transfer the lease to you? ______
Have you talked with other business owners in the area to see what they think of the business? ______
Have you talked with the company's suppliers? ______
Have you talked with a lawyer about it? ______

Making It Go

Advertising

Have you decided how you will advertise? (Newspapers—posters—handbills—radio—mail?) ______
Do you know where to get help with your ads? ______
Have you watched what other stores do to get people to buy? ______

The prices you charge

Do you know how to figure what you should charge for each item you sell? ______
Do you know what other stores like yours charge? ______

Buying

Do you have a plan for finding out what your customers want? ______
Will your plan for keeping track of your inventory tell you when it is time to order more and how much to order? ______
Do you plan to buy most of your stock from a few suppliers rather than a little from many, so that those you buy from will want to help you succeed? ______

Selling

Have you decided whether you will have salesclerks or self-service? ______
Do you know how to get customers to buy? ______
Have you thought about why you like to buy from some salesclerks while others turn you off? ______

Your employees

If you need to hire someone to help you, do you know where to look? ______
Do you know what kind of person you need? ______
Do you have a plan for training your employees? ______

Credit for your customers

Have you decided whether or not to let your customers buy on credit? ______
Do you know the good and bad points about joining a credit-card plan? ______
Can you tell a deadbeat from a good credit customer? ______

A Few Extra Questions

Have you figured out whether or not you could make more money working for someone else? ______
Does your family go along with your plan to start a business of your own? ______
Do you know where to find out about new ideas and new products? ______
Do you have a work plan for yourself and your employees? ______
Have you gone to the nearest Small Business Administration office for help with your plans? ______

If you have answered all these questions carefully, you've done some hard work and serious thinking. That's good. But you have probably found some things you still need to know more about or do something about.

Do all you can for yourself, but don't hesitate to ask for help from people who can tell you what you need to know. Remember, running a business takes guts! You've got to be able to decide what you need and then go after it.

Good luck!

Worksheet No. 3

List of Furniture, Fixtures and Equipment

Leave out or add items to suit your business. Use separate sheets to list exactly what you need for each of the items below.	If you plan to pay cash in full, enter the full amount below and in the last column.	If you are going to pay by installments, fill out the columns below. Enter in the last column your downpayment plus at least one installment.			Estimate of the cash you need for furniture, fixtures and equipment
		Price	Downpayment	Amount of each installment	
Counters	$	$	$	$	$
Storage shelves, cabinets					
Display stands, shelves, tables					
Cash register					
Safe					
Window display fixtures					
Special lighting					
Outside sign					
Delivery equipment if needed					
Total Furniture, Fixtures, and Equipment (Enter this figure also in worksheet 2 under "Starting Cost You Have To Pay Only Once.")					$

DIRECTIONS: Contact the U. S. Small Business Administration and request the business management aids listed below. The aids are free. Write to: SBA, P. O. Box 15434, Fort Worth, Texas, 76119.

BUSINESS MANAGEMENT AIDS

NUMBER	TITLE	AUTHOR
1.007	Credit and Collections	Cooke O'Neal
1.010	Accounting Services for Small Service Firms	Irving M. Cooper
2.002	Locating or Relocating Your Business	Fred I. Weber
2.007	Business Plan for Small Manufacturers	None listed
2.008	Business Plan for Small Construction Firms	None listed
2.020	Business Plan for Retailers	None listed
2.024	Store Location: "Little Things" Mean a Lot	Jeffrey Davidson
2.026	Feasibility Checklist for Starting a Small Business	Ashley & Arnold

NOTES

Learning Experience III

ORGANIZATIONS THAT HELP ENTREPRENEURS

Many local, state, and national organizations are interested in providing assistance to entrepreneurs. A list of these organizations follows. You may find them helpful as you manage your new business venture.

1. Small Business Development Center
   Mr. Woodrow Yeaney, Director
   Clarion University of Pennsylvania
   Clarion, Pennsylvania
   (814) 863-2941

2. American Business Women's Association
   9100 Ward Parkway
   Kansas City, Missouri 16414

3. International Council for Small Business
   929 North Street
   Milwaukee, Wisconsin 52303

4. National Small Business Association
   1225 19th Street, N. W.
   Washington, D. C. 20036

5. U. S. Chamber of Commerce
   1615 H. Street, N. W.
   Washington, D. C.

6. Active Corps of Executives (ACE)
   Service Corps of Retired Executives (SCORE)
   U. S. Small Business Administration
   1441 L. Street, N. W.
   Washington, D. C. 20416

7. Distributive Education Clubs of America
   1908 Association Drive
   Reston, Virginia 22091

8. Future Business Leaders of America
   P. O. Box 17417 - Dulles
   Washington, D. C. 20041

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